THIS ABRIDGED PROSPECTUS IS IMPORTANT AND REQUIRES YOUR IMMEDIATE ATTENTION.

IF YOU ARE IN ANY DOUBT AS TO THE ACTION YOU SHOULD TAKE, YOU SHOULD CONSULT YOUR STOCKBROKER, BANK MANAGER, SOLICITOR, ACCOUNTANT OR OTHER PROFESSIONAL ADVISERS IMMEDIATELY. If you have sold or transferred all your ordinary shares in Ideal Sun City Holdings Berhad (640850-U) ("IDEAL" or "our Company"), you should at once hand this Abridged Prospectus together with the Notice of Provisional Allotment ("NPA") and Rights Subscription Form ("RSF") to the agent/broker through whom you effected the sale or transfer for onward transmission to the purchaser or transferee. All enquiries concerning the Rights Issue with Warrants (as defined herein), which is the subject of this Abridged Prospectus should be addressed to our Share Registrar, Tricor Investor Services Sdn Bhd, Level 17, The Gardens North Tower, Mid Valley City, Lingkaran Syed Putra, 59200 Kuala Lumpur.

This Abridged Prospectus, together with the NPA and RSF are only despatched to our shareholders who have provided our Share Registrar with a registered address in Malaysia and whose names appear on our Record of Depositors not later than 5.00 p.m. on 7 April 2014. This Abridged Prospectus together with the NPA and RSF, are not intended to be issued, circulated or distributed in countries or jurisdictions other than Malaysia and no action has been or will be taken to ensure that the Rights Issue with Warrants complies with the laws of any countries or jurisdictions other than the laws of Malaysia. Entitled Shareholders (as defined herein) and their renouncee(s) (if applicable) who are residents in countries or jurisdictions other than Malaysia should therefore immediately consult their legal advisers as to whether the acceptance or renunciation (as the case may be) of all or any part of their entitlements to the Rights Issue with Warrants would result in the contravention of any laws of such countries or jurisdictions. Neither we nor M&A Securities Sdn Bhd (15017-H) ("M&A Securities") shall accept any responsibility or liability in the event that any acceptance or renunciation made by the Entitled Shareholders or their renouncee(s) (if applicable) are or shall become illegal, unenforceable, voidable or void in such countries or jurisdictions.

A copy of this Abridged Prospectus, together with the NPA and RSF, has been registered with the Securities Commission Malaysia ("SC"). The registration of this Abridged Prospectus should not be taken to indicate that the SC recommends the Rights Issue with Warrants or assumes responsibility for the correctness of any statement made or opinion or report expressed in the Abridged Prospectus. The SC has not, in any way, considered the merits of the securities being offered for investment. A copy of this Abridged Prospectus, together with the NPA and RSF, has also been lodged with the Registrar of Companies, who takes no responsibility for the contents of these documents.

Approval for the Rights Issue with Warrants has been obtained from our shareholders at the Extraordinary General Meeting held on 13 November 2013. Approval for the issuance of the Warrants (as defined herein) to non-resident shareholders of our Company has been obtained from Bank Negara Malaysia via its letter dated 25 June 2013. Approval-in-principle has also been obtained from Bursa Malaysia Securities Berhad (635998-W) ("Bursa Securities") via its letter dated 13 May 2013 for the admission of the Warrants to the Official List of Bursa Securities and the listing of the Rights Shares, Warrants and new IDEAL Shares (as defined herein) to be issued upon exercise of the Warrants on the ACE Market of Bursa Securities. The Rights Shares and Warrants will be admitted to the Official List of Bursa Securities and the listing of and quotation for the Rights Shares and Warrants will commence after, amongst others, receipt of confirmation from Bursa Malaysia Depository Sdn Bhd (165570-W) that all the Central Depository System accounts of the Entitled Shareholders have been duly credited and notices of allotment have been despatched to the Entitled Shareholders. Admission of the Warrants to the Official List of Bursa Securities and listing of the Rights Shares, Warrants and new IDEAL Shares to be issued upon exercise of the Warrants on the ACE Market of Bursa Securities are in no way reflective of the merits of the Rights Issue with Warrants.

All the documentation relating to this Rights Issue with Warrants including this Abridged Prospectus, together with the NPA and RSF, have been seen and approved by our Board of Directors and they collectively and individually accept full responsibility for the accuracy of the information given and confirm that, after having made all reasonable inquiries, there are no false or misleading statements or other facts the omission of which would make any statement in these documents false or misleading.

M&A Securities, being the Adviser for this Rights Issue with Warrants, acknowledges that, based on all available information, this Abridged Prospectus constitutes a full and true disclosure of all material facts concerning the Rights Issue with Warrants.

FOR INFORMATION CONCERNING CERTAIN RISK FACTORS WHICH YOU SHOULD CONSIDER, SEE "RISK FACTORS" AS SET OUT IN SECTION 6 HEREIN.

IDEAL
CREATING LEGACY
超越时尚 • 缔造典范

IDEAL SUN CITY HOLDINGS BERHAD

(Company No. 640850-U)

(Incorporated in Malaysia under the Companies Act, 1965)

RENOUNCEABLE RIGHTS ISSUE OF 94,003,200 NEW IDEAL SHARES ("RIGHTS SHARES") TOGETHER WITH 47,001,600 FREE DETACHABLE WARRANTS ("RIGHTS WARRANTS") AT AN ISSUE PRICE OF RM0.10 PER RIGHTS SHARE PAYABLE IN FULL UPON ACCEPTANCE ON THE BASIS OF FOUR (4) RIGHTS SHARES FOR EVERY ONE (1) IDEAL SHARE TOGETHER WITH ONE (1) RIGHTS WARRANT FOR EVERY TWO (2) RIGHTS SHARES SUBSCRIBED AT 5.00 PM ON 7 APRIL 2014

Adviser

M&A

M&A SECURITIES SDN BHD (15017-H)

(A Wholly-Owned Subsidiary of Insas Berhad)

(A Participating Organisation of Bursa Malaysia Securities Berhad)

IMPORTANT RELEVANT DATES AND TIME:

Entitlement Date	:	Monday, 7 April 2014, at 5.00 P.M.
Last date and time for sale of provisional allotment of rights	:	Monday, 14 April 2014, at 5.00 P.M.
Last date and time for transfer of provisional allotment of rights	:	Thursday, 17 April 2014, at 4.00 P.M.
Last date and time for acceptance and payment	:	Tuesday, 22 April 2014, at 5.00 P.M. *
Last date and time for excess application and payment	:	Tuesday, 22 April 2014, at 5.00 P.M. *

* or such later date and time as our Directors may determine and announce not less than two (2) Market Days (as defined herein) before the stipulated date and time.

This Abridged Prospectus is dated 7 April 2014

All terms and abbreviations used herein shall have the same meanings as those defined in the "Definitions" section of this Abridged Prospectus unless stated otherwise.

THIS ABRIDGED PROSPECTUS HAS BEEN REGISTERED WITH THE SC. THE SC IS NOT LIABLE FOR ANY NON-DISCLOSURE ON THE PART OF THE COMPANY AND TAKES NO RESPONSIBILITY FOR THE CONTENTS OF THIS ABRIDGED PROSPECTUS, MAKES NO REPRESENTATION AS TO ITS ACCURACY OR COMPLETENESS AND EXPRESSLY DISCLAIMS ANY LIABILITY FOR ANY LOSS YOU MAY SUFFER ARISING FROM OR IN RELIANCE UPON THE WHOLE OR ANY PART OF THE CONTENTS OF THIS ABRIDGED PROSPECTUS.

YOU SHOULD RELY ON YOUR OWN EVALUATION TO ASSESS THE MERITS AND RISKS OF THE INVESTMENT. IN CONSIDERING THE INVESTMENT, IF YOU ARE IN ANY DOUBT AS TO THE ACTION TO BE TAKEN, YOU SHOULD CONSULT YOUR STOCKBROKER, BANK MANAGER, SOLICITOR, ACCOUNTANT OR OTHER PROFESSIONAL ADVISERS IMMEDIATELY.

YOU ARE ADVISED TO NOTE THAT RECOURSE FOR FALSE AND MISLEADING STATEMENTS OR ACTS MADE IN CONNECTION WITH THIS ABRIDGED PROSPECTUS ARE DIRECTLY AVAILABLE THROUGH SECTIONS 248, 249 AND 357 OF THE CAPITAL MARKETS AND SERVICES ACT, 2007 ("CMSA").

SECURITIES LISTED ON BURSA SECURITIES ARE OFFERED TO THE PUBLIC PREMISED ON FULL AND ACCURATE DISCLOSURE OF ALL MATERIAL INFORMATION CONCERNING THE RIGHTS ISSUE WITH WARRANTS FOR WHICH ANY OF THE PERSON SET OUT IN SECTION 236 OF THE CMSA, E.G. DIRECTORS AND ADVISERS, ARE RESPONSIBLE.

DEFINITIONS

Except where the context otherwise requires, the following definitions and abbreviations shall apply throughout this Abridged Prospectus, NPA and RSF:-

ACE LR	:	Listing Requirements of Bursa Securities for the ACE Market, as may be amended from time to time
ACE Market	:	ACE Market of Bursa Securities
Abridged Prospectus	:	This Abridged Prospectus issued by us dated 7 April 2014
Act	:	The Companies Act, 1965 as amended from time to time and any re-enactment thereof
Additional Undertaking	:	Irrevocable undertaking dated 27 April 2012 from IdealSunCity, to subscribe the renounced entitlements of the Rights Shares (if any) not subscribed by the other Entitled Shareholders and/or their renouncees amounting to 63,922,160 Rights Shares
Balance Sheet Reconstruction	:	Collectively, (i) Share Premium Cancellation; (ii) Par Value Reduction; and (iii) Share Consolidation
BNM	:	Bank Negara Malaysia
Board	:	Board of Directors of our Company
Bursa Depository	:	Bursa Malaysia Depository Sdn Bhd (165570-W)
Bursa Securities	:	Bursa Malaysia Securities Berhad (635998-W)
CDS	:	Central Depository System
CDS Account(s)	:	A securities account established by Bursa Depository for a depositor pursuant to the Securities Industry (Central Depositories) Act, 1991 and the rules of Bursa Depository for the recording of deposits or withdrawal of securities and dealings in such securities by the depositor
Code	:	Malaysian Code on Take-Overs and Mergers, 2010, as may be amended from time to time
Concerted Parties	:	Ideal Sun City Sdn Bhd, Dato' Ooi Kee Liang and Datin Phor Li Wei
Dato' Ooi	:	Dato' Ooi Kee Liang, our Executive Chairman
Deed Poll	:	The deed poll executed by our Company on 14 November 2013 constituting the Warrants
EGM	:	Extraordinary general meeting
Entitled Shareholder(s)	:	Our shareholder(s) whose names appear on our Record of Depositors on the Entitlement Date
Entitlement Date	:	At 5.00 p.m. on 7 April 2014, being the time and date which the Entitled Shareholder(s) must be registered in our Record of Depositors with Bursa Depository in order to be entitled to participate in the Rights Issue with Warrants and subjected to the share consolidation
EPS	:	Earnings per Share

DEFINITIONS (CONT'D)

ETCSB	:	Equator TC Sdn Bhd (708815-M)
Exemption	:	Exemption under paragraph 16.1 of Practice Note 9 of the Code to IdealSunCity from the obligation of having to undertake a mandatory offer for all the remaining IDEAL Shares not already held by the Concerted Parties upon completion of the Rights Issue with Warrants or after the exercise of the Warrants
Exercise Price	:	Price at which one (1) Warrant is exercisable into one (1) IDEAL Share, being RM0.10, subject to such adjustments as may be allowed under the Deed Poll
FYE	:	Financial year ended / ending, as the case may be
GDV	:	Gross development value
GN3	:	Guidance Note 3/2009 of the ACE LR, and any amendments thereof
ICSB	:	Ideal Consortium Sdn Bhd (939960-H)
IDEAL or Company	:	Ideal Sun City Holdings Berhad (640850-U)
IDEAL Group or Group	:	IDEAL and its subsidiaries
IDEAL Shares or Shares	:	Ordinary shares of RM0.10 each in IDEAL
IdealSunCity	:	Ideal Sun City Sdn Bhd (633386-M)
IPCSB	:	Ideal Property Concept Sdn Bhd (426721-D)
IPLSB	:	Ideal Property Legacy Sdn Bhd (708816-H)
IPBPOSB	:	Ideal Property BPO Sdn Bhd (938077-M)
Issue Price	:	The issue price pursuant to the Rights Issue with Warrants of RM0.10 per Rights Share
(LAT)	:	Loss After Taxation
(LBT)	:	Loss Before Taxation
LPD	:	18 March 2014, being the latest practicable date prior to the issuance of this Abridged Prospectus
(LPS)	:	Loss Per Share
Market Day(s)	:	A day on which Bursa Securities is open for trading in securities
M&A Securities	:	M&A Securities Sdn Bhd (15017-H)
NA	:	Net assets
(NL)	:	Net Loss
NPA	:	Notice of Provisional Allotment in relation to the Rights Issue with Warrants
NTA	:	Net tangible assets
Par Value Reduction	:	Cancellation of RM0.09 from each and every existing IDEAL Share, giving rise to a credit amount of RM21,150,720
PAT	:	Profit After Taxation
PBT	:	Profit Before Taxation

DEFINITIONS (CONT'D)

Placement with Warrants	:	Issuance of 24,000,000 Placement Shares together with 12,000,000 Placement Warrants on the basis of one (1) Placement Warrant for every two (2) Placement Shares subscribed, to investors to be identified, at an issue price of RM0.10 per Placement Share
Placement Shares	:	24,000,000 new IDEAL Shares to be issued at RM0.10 each pursuant to the Placement with Warrants
Placement Warrants	:	12,000,000 free detachable warrants to be issued together with the Placement Shares pursuant to the Placement with Warrants
Proposals or Regularisation Scheme	:	Balance Sheet Reconstruction, Rights Issue with Warrants, Exemption and Placement with Warrants, collectively
Protégé or IMR	:	Protégé Associates Sdn Bhd, the appointed independent market research consultant
Record of Depositors	:	A record of depositors established by Bursa Depository under the rules of Bursa Depository, as amended from time to time
Rights Issue with Warrants	:	Renounceable rights issue of 94,003,200 Rights Shares together with 47,001,600 Rights Warrants at an issue price of RM0.10 per Rights Share payable in full on the basis of four (4) Rights Shares for every one (1) IDEAL Share together with one (1) Rights Warrant for every two (2) Rights Shares subscribed on the Entitlement Date
Rights Shares	:	94,003,200 new IDEAL Shares to be issued at RM0.10 each pursuant to the Rights Issue with Warrants
RM and sen	:	Ringgit Malaysia and sen respectively
RSF	:	Rights Subscription Form in relation to the Rights Issue with Warrants
SC	:	Securities Commission Malaysia
Share Consolidation	:	Consolidation of the resultant issued and paid-up share capital of IDEAL after the Par Value Reduction, such that every ten (10) ordinary shares of RM0.01 each shall be consolidated back into one (1) IDEAL Share
Share Premium Cancellation	:	Share premium cancellation of RM22,026,619 under Section 64(1) of the Act to reduce the accumulated losses of IDEAL
sq ft	:	Square foot/feet
Undertaking	:	Irrevocable undertaking dated 27 April 2012 from IdealSunCity, to subscribe in full for its entitlement for the Rights Issue with Warrants amounting to 30,081,040 Rights Shares
USD	:	United States dollar, the official currency of the United States of America
Warrant(s) or Rights Warrant(s)	:	47,001,600 free detachable warrants to be issued pursuant to the Rights Issue with Warrants
5D-WAMP	:	(5)-day volume weighted average market price

DEFINITIONS (CONT'D)

References to "we", "us", "our" and "ourselves" are to our Company and save where the context otherwise requires, our subsidiaries. All references to "you" in this Abridged Prospectus are to our Entitled Shareholders.

Words incorporating the singular shall, where applicable, include the plural and vice versa and words incorporating the masculine gender shall, where applicable, include the feminine and neuter genders and vice versa. Reference to persons shall include a corporation, unless otherwise specified.

Any reference in this Abridged Prospectus to any statute is a reference to that statute as for the time being amended or re-enacted. Any reference to a time of day in this Abridged Prospectus shall be a reference to Malaysian time, unless otherwise specified.

TABLE OF CONTENTS

CORPORATE DIRECTORY

BOARD OF DIRECTORS

Name	Age	Address	Nationality	Occupation
Dato' Ooi Kee Liang *(Executive Chairman)*	43	73, Krystal Garden Jalan Rumbia, Bayan Baru 11900 , Bayan Lepas Penang	Malaysian	Company Director
Datin Phor Li Wei *(Executive Director)*	43	73, Krystal Garden Jalan Rumbia, Bayan Baru 11900 , Bayan Lepas Penang	Malaysian	Company Director
Tan Wooi Chuon *(Independent Non-Executive Director)*	45	21, Lorong Nangka 3 Taman Desa Damai 14000 Bukit Mertajam Penang	Malaysian	Company Director
Loh Eng Wee *(Independent Non-Executive Director)*	45	No. 2, Jalan Meranti 11200 Tanjong Bungah Penang	Malaysian	Company Director
Dato' Hj. Ismail Bin Din *(Independent Non-Executive Director)*	71	No. 27, Gerbang Sungai Ara 2A Taman Pagar Buloh Sungai Ara 11900 Bayan Lepas Penang	Malaysian	Company Director

AUDIT COMMITTEE

Name	Designation	Directorship
Tan Wooi Chuon	Chairman	Independent Non-Executive Director
Dato' Hj. Ismail Bin Din	Member	Independent Non-Executive Director
Loh Eng Wee	Member	Independent Non-Executive Director

COMPANY SECRETARIES

Chew Siew Cheng (MAICSA 7019191)

Gunn Chit Geok (MAICSA 0673097)

Suite 12-02, 12th Floor
Menara Zurich,
170, Jalan Argyll
10050 Penang
Tel: 04-2296 318

REGISTERED OFFICE

Suite 12-02, 12th Floor
Menara Zurich
170, Jalan Argyll
10050 Penang
Tel: 04-2296 318

HEAD/MANAGEMENT OFFICE	71-2, Ideal @ The One Jalan Mahsuri 11950 Bayan Lepas Penang Tel: 04-6411 334 E-mail: enquiry@idealsuncity.cc Website : www.idealsuncity.cc
PRINCIPAL BANKER	Public Bank Berhad 33,35 & 37, Jalan Pantai Jerejak 13 11900 Sungai Nibong Pulau Pinang Tel: 04-6586000
AUDITORS AND REPORTING ACCOUNTANTS	UHY (AF 1411) Suite 11.05, Level 11 The Gardens South Tower Mid Valley City Lingkaran Syed Putra 59200 Kuala Lumpur, Malaysia Tel: 03-2279 3088
INDEPENDENT MARKET RESEARCH CONSULTANT	Protégé Associates Sdn Bhd P-2-26, Plaza Damas, 60 Jalan Hartamas 1, 50480 Kuala Lumpur, Malaysia. Tel: 03-6201 7302
REGISTRAR	Tricor Investor Services Sdn Bhd Level 17, The Gardens North Tower Mid Valley City, Lingkaran Syed Putra 59200 Kuala Lumpur Tel: 03-2264 3883
SOLICITORS FOR THE RIGHTS ISSUE WITH WARRANTS	Ghazi & Lim 19th Floor, Plaza MWE No.8, Lebuh Farquhar 10200 Penang Tel: 04-2633 688
ADVISER FOR THE RIGHTS ISSUE WITH WARRANTS	M&A Securities Sdn Bhd No. 45-11, The Boulevard Mid Valley City Lingkaran Syed Putra 59200 Kuala Lumpur Tel: 03 - 2284 2911
STOCK EXCHANGE LISTING	ACE Market of Bursa Securities

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IDEAL SUN CITY HOLDINGS BERHAD
(Company No. 640850-U)
(Incorporated in Malaysia under the Companies Act, 1965)

Registered Office:

Suite 12-02, 12th Floor
Menara Zurich
170, Jalan Argyll
10500 Penang

7 April 2014

Directors:

Dato' Ooi Kee Liang *(Executive Chairman)*
Datin Phor Li Wei *(Executive Director)*
Tan Wooi Chuon *(Independent & Non-Executive Director)*
Loh Eng Wee *(Independent & Non-Executive Director)*
Dato' Hj. Ismail Bin Din *(Independent & Non-Executive Director)*

To: Our Entitled Shareholders

Dear Sir / Madam,

RENOUNCEABLE RIGHTS ISSUE OF 94,003,200 RIGHTS SHARES TOGETHER WITH 47,001,600 RIGHTS WARRANTS AT AN ISSUE PRICE OF RM0.10 PER RIGHTS SHARE PAYABLE IN FULL UPON ACCEPTANCE ON THE BASIS OF FOUR (4) RIGHTS SHARES FOR EVERY ONE (1) IDEAL SHARE TOGETHER WITH ONE (1) RIGHTS WARRANT FOR EVERY TWO (2) RIGHTS SHARES SUBSCRIBED AT 5.00 P.M. ON 7 APRIL 2014

1. INTRODUCTION

Our shareholders had, at an EGM held on 13 November 2013, approved the Rights Issue with Warrants.

A certified true extract of the ordinary resolution pertaining to the Rights Issue with Warrants, which was passed at the said EGM, is set out in **Appendix I** of this Abridged Prospectus.

BNM had vide its letter dated 25 June 2013 approved *inter-alia,* the issuance of the Warrants to non-resident shareholders pursuant to the Rights Issue with Warrants.

Bursa Securities had, vide its letter dated 13 May 2013 approved-in-principle the listing of the Rights Shares, Placement Shares, Warrants and any new IDEAL Shares arising from the exercise of Warrants and the admission of the Warrants to the Official List of the ACE Market of Bursa Securities, subject to the following conditions:

Conditions	Status of
(i) A moratorium being imposed as follows:	
(a) Moratorium on Rights Shares, Rights Warrants and IDEAL Shares arising from the conversion of Rights Warrants held by IdealSunCity, Dato' Ooi and persons connected for a period of six (6) months from the date of admission of the Rights Shares and Rights Warrants to the Bursa Securities' official list;	To be complied
(b) Upon the expiry of the six (6) months period stated above, IDEAL must ensure that IdealSunCity, Dato' Ooi and persons connected's shareholding in the above mentioned securities amounting to at least 45% of the aggregate shareholdings in the Rights Shares and IDEAL Shares arising from the conversion of the Rights Warrants and at least 45% of the Rights Warrants remain in moratorium for another period of six (6) months;	To be complied
(c) Thereafter, IdealSunCity, Dato' Ooi and persons connected may sell, transfer or assign up to a maximum of 1/3rd per annum (on a straight line basis) of the securities held under moratorium; and	To be complied
(d) All direct and indirect shareholders of IdealSunCity (up to the ultimate individual shareholders) must give undertakings to Bursa Securities that they will comply with the moratorium as (a), (b) and (c) above.	Complied
(ii) A letter of undertaking to be provided by Dato' Ooi that he will not be involved directly or indirectly in business activities similar to IDEAL as long as he and persons connected to him remain as shareholders and/or directors in IDEAL;	Complied
(iii) IDEAL and M&A Securities to inform Bursa Securities upon completion of the Proposals;	To be complied
(iv) IDEAL to furnish Bursa Securities with a written confirmation of its compliance with the terms and conditions of Bursa Securities' approval once the Proposals are completed; and	To be complied

(v) IDEAL is required to furnish Bursa Securities on a quarterly basis a summary of the total number of shares listed (pursuant to the exercise of Rights Warrants and Placement Warrants) as at the end of each quarter together with a detailed computation of listing fees payable.	To be complied

The official listing of and quotation for the Rights Shares and Warrants to be issued pursuant to the Rights Issue with Warrants will commence after, amongst others, receipt of confirmation from Bursa Depository that all the CDS Accounts of the Entitled Shareholders/renouncees are ready for crediting and notices of allotment have been despatched to them.

On 3 December 2013, the Court had granted an order confirming the Par Value Reduction pursuant to Section 64 of the Act. The advertisement as required under the aforementioned order was published in the News Straits Times on 10 January 2014 and a copy of the sealed court order has been duly lodged with the Registrar of Companies on 9 December 2013, which marks the Par Value Reduction taking effect.

On 4 February 2014, M&A Securities Sdn Bhd on behalf of Board announced that the application in connection with the Exemption has been approved by the Securities Commission vide its letter dated 29 January 2014.

On 21 March 2014, M&A Securities, on our behalf, announced that the Entitlement Date has been fixed at 5.00 p.m. on 7 April 2014.

No person is authorised to give any information or make any representation not contained herein in connection with the Rights Issue with Warrants and if given or made, such information or representation must not be relied upon as having been authorised by M&A Securities or us.

IF YOU ARE IN ANY DOUBT AS TO THE ACTION TO BE TAKEN, YOU SHOULD CONSULT YOUR STOCKBROKER, BANK MANAGER, SOLICITOR, ACCOUNTANT OR OTHER PROFESSIONAL ADVISERS IMMEDIATELY.

2. DETAILS OF THE RIGHTS ISSUE WITH WARRANTS

2.1 Details of the Rights Issue with Warrants

The Rights Issue with Warrants involves a renounceable rights issue of 94,003,200 Rights Shares together with 47,001,600 Rights Warrants at an issue price of RM0.10 per Rights Share on the basis of four (4) Rights Shares for every one (1) IDEAL Share held together with one (1) Rights Warrant for every two (2) Rights Shares subscribed after the completion of the Balance Sheet Reconstruction.

The Rights Shares together with Rights Warrants will be offered to the Entitled Shareholders. The Rights Shares will be offered to the shareholders of IDEAL whose names appear in the Record of Depositors of our Company as at the Entitlement Date.

The Rights Issue with Warrants is renounceable in full or in part. Accordingly, Entitled Shareholders can subscribe for and/or renounce their entitlements to the Rights Shares in full or in part. The Rights Shares which are not taken up or validly taken up shall be made available for excess applications by the Entitled Shareholders and/or their renouncee(s).

The shareholders of our Company who renounce their entitlements to the Rights Shares will not be entitled to the Rights Warrants and shall be deemed to have also renounced their entitlements to the Rights Warrants. The shareholders of IDEAL who accept only part of the Rights Shares shall only be entitled to the Rights Warrants in the proportion to their acceptance of the Rights Shares. The Rights Warrants will be immediately detached from the Rights Shares upon issuance and separately traded.

The Rights Warrants shall only be issued to applicants who successfully subscribe for the Rights Shares pursuant to the Rights Issue with Warrants. Should the Entitled Shareholders renounce all or any part of their entitlements to the Rights Shares, they will not be entitled to the Rights Warrants attached thereto. The renunciation of the Rights Shares by the Entitled Shareholders will accordingly entail the renunciation of the Warrants to be issued together with the Rights Shares. The Rights Warrants will be detached from the Rights Shares immediately upon issue and will be traded separately on the ACE Market of Bursa Securities. Any Rights Shares with Warrants not taken up or allotted for any reasons, if any, will be made available for application under the excess Rights Shares with Warrants application.

As you are an Entitled Shareholder and the Rights Shares are prescribed securities, your CDS Account will be duly credited with the number of provisionally allotted Rights Shares with Warrants which you are entitled to subscribe for in full or in part under the terms of the Rights Issue with Warrants. You will find enclosed in this Abridged Prospectus, a NPA notifying you of the crediting of such securities into your CDS Account and a RSF to enable you to subscribe for the Rights Shares with Warrants provisionally allotted to you, as well as to apply for excess Rights Shares with Warrants if you so choose to.

Any dealing in our securities will be subject to, inter-alia, the provisions of the Securities Industry (Central Depositories) Act, 1991, the Securities Industry (Central Depositories) (Amendment) Act, 1998, the rules of Bursa Depository and any other relevant legislation. Accordingly, upon subscription, the Rights Shares with Warrants will be credited directly into the respective CDS Accounts of the successful applicants. No physical Rights Shares or Rights Warrant certificates will be issued but notices of allotment will be despatched to the successful applicants.

2.2 Basis of determining the issue price of the Rights Shares and exercise price of the Rights Warrants

The issue price for the Rights Shares and exercise price of the Rights Warrants of RM0.10 each was determined using market based pricing principles (i.e. the theoretical ex-all pricing model calculated in the ensuing paragraph below) after taking into consideration:

(i) the prevailing market price of IDEAL Shares;

(ii) five (5)-day volume WAMP up to and inclusive of 26 April 2012 (being the Market Day preceding the date of announcement of the Proposals) of RM0.061 per share;

(iii) the effects of the Proposals; and

(iv) the par value of IDEAL Shares.

Due consideration was also given to the fact that the Rights Warrants shall be issued for free to the subscribers of the Rights Shares.

The theoretical ex-all price based on an issue price of RM0.10 per Rights Share and of IDEAL Shares after adjusting for the Balance Sheet Reconstruction is RM0.20 per share, computed based on the five (5)-day volume WAMP up to and inclusive of 26 April 2012 (being the

Market Day preceding the date of announcement of the Proposals) of RM0.061 per share. The issue price of the Rights Shares and exercise price of the Rights Warrants of RM0.10 each (without taking into consideration the value of the Rights Warrants) represents a discount of 50.47% to the said theoretical ex-all price.

2.3 Ranking of the Rights Shares and new IDEAL Shares to be issued pursuant to the exercise of the Rights Warrants

The Rights Shares and new Shares to be issued pursuant to the exercise of the Rights Warrants shall, upon issue and allotment, rank pari passu in all respects with the then existing IDEAL Shares except that they will not be entitled to any dividends, rights, allotments and/or other distributions which may be declared, made or paid, for which the entitlement date of which is prior to the date of allotment and issue of the Rights Shares.

2.4 Salient terms of the Warrants

Please refer to **Appendix II** of this Abridged Prospectus for the salient terms of the Warrants.

2.5 Substantial shareholder's undertaking

The Rights Issue with Warrants will be undertaken on a full subscription level basis. The Company had on 27 April 2012, procured an irrevocable undertaking in writing from IdealSunCity, IDEAL's major shareholder, to subscribe in full for:

(i) its entitlement to the Rights Shares amounting to 30,081,040 Rights Shares; and

(ii) the renounced entitlements of the Rights Shares (if any) not subscribed by the other Entitled Shareholders and/or their renouncees amounting to 63,922,160 Rights Shares,

aggregating 94,003,200 Rights Shares.

For avoidance of doubt, the Additional Undertaking shall only be implemented after accounting for all Rights Shares and excess Rights Shares applications by Entitled Shareholders and/or their renouncees.

The 94,003,200 Rights Shares represents 100% of the number of Rights Shares which may be issued pursuant to the Rights Issue with Warrants. As IdealSunCity has provided the Undertaking and Additional Undertaking, no underwriting arrangement will be taken.

The details of the number of Rights Shares where IdealSunCity has undertaken to subscribe pursuant to the Undertaking and Additional Undertaking are set out below:

	No. of IDEAL Shares	**% of share-holdings**
Number of IDEAL Shares held by IdealSunCity as at the LPD (adjusted for the effects of the Balance Sheet Reconstruction)	7,520,260	32.00@
Total number of Rights Shares# to be subscribed by IdealSunCity	94,003,200	-
	101,523,460	86.40*

Notes:

@ *The percentage is calculated based on the existing issued and paid-up share capital of the Company (assuming completion of the Balance Sheet Reconstruction).*

\# *Total number of Rights Shares to be subscribed by IdealSunCity comprises:*

	No. of IDEAL Shares	***%***
Entitlement of Right Shares to be subscribed by IdealSunCity pursuant to the Undertaking	*30,081,040*	*32*
Maximum entitlement of Right Shares to be subscribed by IdealSunCity pursuant to the Additional Undertaking	*63,922,160*	*68*
	94,003,200	***100***

* *Based on the enlarged issued and paid-up share capital of 117,504,000 IDEAL Shares after the Balance Sheet Reconstruction and Rights Issue with Warrants.*

The total amount of funds to be raised i.e. RM9,400,320 pursuant to the Rights Issue with Warrants was determined based on the level of funds needed by the Group after taking into consideration factors such as the working capital for the next twelve (12) months, the Group's gearing position, the Group's NA level post-regularisation and estimated expenses arising from the Regularisation Scheme.

Pursuant to the Undertaking and Additional Undertaking, IdealSunCity had confirmed that it has sufficient financial resources to take up the aforementioned collective 94,003,200 Rights Shares and such confirmation has been verified by M&A Securities.

The effects to IdealSunCity's shareholdings pursuant to the Undertaking and Additional Undertaking is as disclosed in the table below:

Name	**No. of Shares directly held after the Balance Sheet Reconstruction ('000)**	**%**	**No. of Rights Shares entitled ('000)**	**%**	**No. of Rights under excess application ('000)**	**%**	**Shareholdings pursuant Undertaking and Additional Undertaking ('000)**	**%**
IdealSunCity	7,520	32.00	30,081	32.00	63,922	68.00	101,523	86.40

The aggregate shareholding of the IdealSunCity will increase above 33% if IdealSunCity is required to subscribe for the aggregate of 94,003,200 Rights Shares pursuant to the Undertaking and Additional Undertaking. IdealSunCity is therefore obliged under Part II of the Code to undertake a mandatory offer for all the remaining IDEAL Shares not already held by the Concerted Parties upon completion of the Rights Issue with Warrants.

IdealSunCity does not intend to undertake a mandatory offer to acquire all the remaining IDEAL Shares not already held by the Concerted Parties upon the completion of the Rights Issue with Warrants or after the exercise of the Rights Warrants.

Premised on the above, the Concerted Parties had made an application to the SC to seek an exemption for the Concerted Parties from having to undertake a mandatory offer for all the IDEAL Shares not already owned by the Concerted Parties pursuant to Practice Note 9, Paragraph 16.1 of the Code and such exemption has been approved by the SC vide its letter dated 29 January 2014.

2.6 Details of other corporate exercises

As at the LPD, save for the Regularisation Scheme, our Board confirms that there is no other outstanding corporate exercise which we intend to undertake, which have been announced but pending completion.

3. INSTRUCTIONS FOR ACCEPTANCE, PAYMENT AND EXCESS APPLICATION

3.1 General

If you are an Entitled Shareholder, your CDS Account will be duly credited with the number of provisionally allotted Rights Shares with Warrants, which you are entitled to subscribe for in full or in part under the terms of the Rights Issue with Warrants. You will find enclosed with this Abridged Prospectus, the NPA notifying you of the crediting of such provisionally allotted Rights Shares with Warrants into your CDS Account and the RSF to enable you to subscribe for the Rights Shares with Warrants provisionally allotted to you, as well as to apply for excess Rights Shares with Warrants if you choose to do so.

3.2 NPA

The provisional allotted Rights Shares with Warrants are prescribed securities pursuant to Section 14(5) of the Securities Industry (Central Depositories) Act, 1991 and therefore, all dealings in the provisionally allotted Rights Shares with Warrants will be by book entries through CDS Accounts and will be governed by the Securities Industry (Central Depositories) Act, 1991, the Securities Industry (Central Depositories) (Amendment) Act, 1998 and the Rules of Bursa Depository. Entitled Shareholders and/or their renouncees (if applicable) are required to have valid and subsisting CDS Accounts when making their applications.

3.3 Last date and time of acceptance and payment

The last date and time for acceptance and payment for the Rights Shares with Warrants is 5.00 p.m. on 22 April 2014, or such other later date and time as may be determined and announced by our Board at their absolute discretion.

3.4 Procedure for full acceptance and payment

Acceptance and payment for the Rights Shares with Warrants provisionally allotted to you as an Entitled Shareholder or your renouncee(s) (if applicable) must be made on the RSF enclosed with this Abridged Prospectus and must be completed in accordance with the notes and instructions contained in the RSF. Acceptances which do not conform to the terms of this Abridged Prospectus, NPA or RSF or the notes and instructions contained in these documents or which are illegible may not be accepted at the absolute discretion of our Board.

FULL INSTRUCTIONS FOR THE ACCEPTANCE OF AND PAYMENT FOR THE RIGHTS SHARES WITH WARRANTS PROVISIONALLY ALLOTTED TO YOU AND/OR YOUR RENOUNCEE(S) (IF APPLICABLE), EXCESS APPLICATION FOR THE RIGHTS ISSUE WITH WARRANTS AND THE PROCEDURES TO BE FOLLOWED SHOULD YOU OR YOUR RENOUNCEE(S) (IF APPLICABLE) WISH TO SELL/TRANSFER ALL OR ANY PART OF YOUR/THEIR ENTITLEMENTS, ARE SET OUT IN THIS ABRIDGED PROSPECTUS AND THE ACCOMPANYING RSF.

YOU AND/OR YOUR RENOUNCEE(S) (IF APPLICABLE) ARE ADVISED TO READ THIS ABRIDGED PROSPECTUS, THE RSF AND THE NOTES AND INSTRUCTIONS THEREIN CAREFULLY.

You or your renouncee(s) (if applicable) accepting the provisionally allotted Rights Shares are required to complete Part I and II of the RSF in accordance with the notes and instructions provided therein. Each completed RSF together with the relevant payment must be despatched by **ORDINARY POST** or **DELIVERED BY HAND** using the envelope provided (at your own risk) to our Share Registrar at the following address:

Tricor Investor Services Sdn Bhd
Level 17, The Gardens North Tower
Mid Valley City, Lingkaran Syed Putra
59200 Kuala Lumpur

so as to arrive not later than 5.00 p.m. on 22 April 2014, being the last time and date for acceptance and payment, or such extended time and date as may be determined and announced by our Board, not less than two (2) Market Days before the stipulated date and time.

One (1) RSF can only be used for acceptance of provisionally allotted Rights Shares with Warrants standing to the credit of one (1) CDS Account. Separate RSFs must be used for the acceptance of provisionally allotted Rights Shares with Warrants standing to the credit of more than one (1) CDS Account. If successful, Rights Shares with Warrants subscribed by you or your renouncee(s) (if applicable) will be credited into the respective CDS Accounts as stated on the completed RSF.

A reply envelope is enclosed with this Abridged Prospectus. To facilitate the processing of the RSFs by our Share Registrar, you are advised to use one (1) reply envelope for each completed RSF.

You and/or your renouncee(s) (if applicable) should take note that a trading board lot for the Rights Shares with Warrants will comprise 100 Rights Shares and 100 Warrants each respectively. Successful applicants of the Rights Shares will be given free attached Rights Warrants on the basis of one (1) Rights Warrant for every two (2) Rights Shares successfully subscribed for. The minimum number of securities that can be subscribed for or accepted is two (2) Rights Shares, which will be accompanied with one (1) Rights Warrant. Fractions of the Rights Warrant arising from the Rights Issue with Warrants will be dealt with by our Board as they may deem fit.

If acceptance and payment for the Rights Shares with Warrants provisionally allotted to you and/or your renouncee(s) (if applicable) is not received by our Share Registrar by 5.00 p.m. on 22 April 2014, being the last date and time for acceptance and payment, or any other extended date and time as may be determined and announced by our Board at their discretion, you and/or your renouncee(s) (if applicable) will be deemed to have declined the provisional allotment made to you and/or your renouncee(s) and it will be cancelled. Such Rights Shares with Warrants not taken up will be allotted to the applicants applying for excess Rights Shares with Warrants. Proof of time of postage shall not constitute proof of time of receipt by the Share Registrar. Our Board reserves the right not to accept or to accept in part only any application without providing any reasons.

You or your renouncee(s) (if applicable) who lose, misplace or for any other reasons require another copy of the RSF may obtain additional copies from your stockbrokers, Bursa Securities' website (http://www.bursamalaysia.com), our Share Registrar at the address stated above or our Registered Office.

EACH COMPLETED RSF MUST BE ACCOMPANIED BY REMITTANCE IN RM FOR THE FULL AMOUNT IN THE FORM OF BANKER'S DRAFT(S), CASHIER'S ORDER(S), MONEY ORDER(S) OR POSTAL ORDER(S) DRAWN ON A BANK OR POST OFFICE IN

MALAYSIA CROSSED "A/C PAYEE ONLY" AND MADE PAYABLE TO "IDEAL RIGHTS ISSUE ACCOUNT" AND ENDORSED ON THE REVERSE SIDE WITH THE NAME AND CDS ACCOUNT OF THE APPLICANT IN BLOCK LETTERS TO BE RECEIVED BY OUR SHARE REGISTRAR.

APPLICATIONS ACCOMPANIED BY PAYMENT OTHER THAN IN THE MANNER STATED ABOVE OR WITH EXCESS OR INSUFFICIENT REMITTANCES MAY NOT BE ACCEPTED AT THE ABSOLUTE DISCRETION OF OUR BOARD. DETAILS OF THE REMITTANCES MUST BE FILLED IN THE APPROPRIATE BOXES PROVIDED IN THE RSF.

NO ACKNOWLEDGEMENT OF RECEIPT OF THE RSF OR APPLICATION MONIES WILL BE MADE BY OUR COMPANY OR OUR SHARE REGISTRAR IN RESPECT OF THE RIGHTS ISSUE WITH WARRANTS. HOWEVER, SUCCESSFUL APPLICANTS WILL BE ALLOTTED THEIR RIGHTS SHARES WITH WARRANTS, AND NOTICES OF ALLOTMENT WILL BE ISSUED AND FORWARDED BY ORDINARY POST TO THEM OR THEIR RENOUNCEES (IF APPLICABLE) AT THEIR OWN RISK TO THE ADDRESS SHOWN IN THE RECORD OF DEPOSITORS WITHIN EIGHT (8) MARKET DAYS FROM THE LAST DATE FOR ACCEPTANCE AND PAYMENT FOR THE RIGHTS ISSUE WITH WARRANTS.

APPLICANTS SHOULD NOTE THAT THE RSF AND REMITTANCES SO LODGED WITH OUR SHARE REGISTRAR SHALL BE IRREVOCABLE AND CANNOT BE SUBSEQUENTLY WITHDRAWN.

WHERE AN APPLICATION IS NOT ACCEPTED OR ACCEPTED IN PART ONLY, THE FULL AMOUNT OR THE BALANCE OF THE APPLICATION MONIES, AS THE CASE MAY BE, SHALL BE REFUNDED WITHOUT INTEREST AND SHALL BE DESPATCHED TO THE APPLICANTS WITHIN FIFTEEN (15) MARKET DAYS FROM THE LAST DATE FOR ACCEPTANCE AND PAYMENT FOR THE RIGHTS ISSUE WITH WARRANTS BY ORDINARY POST TO THE ADDRESS SHOWN IN THE RECORD OF DEPOSITORS AT THE APPLICANTS' OWN RISK.

APPLICATIONS SHALL NOT BE DEEMED TO HAVE BEEN ACCEPTED BY REASON OF THE REMITTANCE BEING PRESENTED FOR PAYMENT.

3.5 Procedure for part acceptance

You can accept part of your provisionally allotted Rights Shares with Warrants. The minimum number of securities that can be subscribed for or accepted is two (2) Rights Shares which will be accompanied with one (1) Warrant.

You must complete both Part I of the RSF by specifying the number of the Rights Shares with Warrants which you are accepting and Part II of the RSF and deliver the completed RSF together with the relevant payment to our Share Registrar in the manner set out in Section 3.4 of this Abridged Prospectus.

The portion of the provisionally allotted Rights Shares with Warrants that have not been accepted shall be allotted to any other persons allowed under the laws, regulations or rules to accept the transfer of the provisional allotment of the Rights Shares with Warrants.

3.6 Procedure for sale/transfer of provisional allotment of Rights Shares with Warrants

As the provisionally allotted Rights Shares with Warrants are prescribed securities, you may sell/transfer all or part of your entitlement to the Rights Shares with Warrants to one (1) or more person(s) through your stockbrokers without first having to request for a split of the provisional allotted Rights Shares with Warrants standing to the credit of your CDS Accounts. To dispose of all or part of your entitlement to the Rights Shares with Warrants, you may sell such entitlement on the open market or transfer to such persons as may be allowed pursuant to the rules of Bursa Depository.

In selling/transferring all or part of your provisionally allotted Rights Shares with Warrants, you and/or your renouncee(s) (if applicable) need not deliver any document including the RSF, to any stockbroker. However, you and/or your renouncee(s) (if applicable) must ensure that there is sufficient provisional allotment of Rights Shares with Warrants standing to the credit of your CDS Accounts that are available for settlement of the sale or transfer.

Purchasers or transferees of the provisionally allotted Rights Shares with Warrants may obtain a copy of this Abridged Prospectus and the RSF from their stockbrokers or from our Share Registrar as stated above or at our Registered Office. This Abridged Prospectus and RSF are also available on Bursa Securities' website (http://www.bursamalaysia.com).

3.7 Procedure for acceptance by renouncees

Renouncees who wish to accept the provisionally allotted Rights Shares with Warrants must obtain a copy of the RSF from their stockbrokers, our Share Registrar, our Registered Office, or from the Bursa Securities' website (http://www.bursamalaysia.com) and complete the RSF, submit the same together with the remittance in accordance with the notes and instructions printed therein.

The procedure for acceptance and payment applicable to the Entitled Shareholders as set out in Section 3.4 of this Abridged Prospectus also applies to renouncees who wish to accept the provisionally allotted Rights Shares with Warrants.

RENOUNCEES ARE ADVISED TO READ, UNDERSTAND AND CONSIDER CAREFULLY THE CONTENT OF THIS ABRIDGED PROSPECTUS AND ADHERE TO THE NOTES AND INSTRUCTIONS CONTAINED IN THIS ABRIDGED PROSPECTUS AND RSF CAREFULLY.

3.8 Procedure for excess application

As an Entitled Shareholder, you and/or your renouncee(s) (if applicable) may apply for excess Rights Shares with Warrants in addition to the Rights Shares with Warrants provisionally allotted to you and/or your renouncee(s) by completing Part I (b) of the RSF (in addition to Part I (a) and II and forward it (together with a **separate remittance** for the full amount payable in respect of the excess Rights Shares with Warrants applied for) to our Share Registrar at the address set out above, so as to arrive not later than 5.00 p.m. on 22 April 2014, being the last time and date for acceptance and payment, or such extended time and date as may be determined by our Board.

Payment for the excess Rights Shares with Warrants applied for should be made in the same manner as described above, except that the Banker's Draft(s), Cashier's Order(s), Money Order(s) or Postal Order(s) drawn on a bank or post office in Malaysia crossed **"A/C PAYEE ONLY"** and made payable to **"IDEAL EXCESS RIGHTS ISSUE ACCOUNT"** and endorsed on the reverse side with the name and CDS Account of the applicant in block letters to be received by our Share Registrar.

It is the intention of our Board to allot the excess Rights Shares with Warrants applied for under Part I (b) of the RSF, if any, on a fair and equitable basis and in the following priority:-

(i) firstly, to minimise the incidence of odd lots;

(ii) secondly, on a pro-rata basis to the Entitled Shareholders who have applied for excess Rights Shares with Warrants, taking into consideration their respective shareholdings in our Company as at the Entitlement date on a board lot basis;

(iii) thirdly, on a pro-rata basis to the Entitled Shareholders who have applied for excess Rights Shares with Warrants, taking into consideration their respective excess application; and

(iv) fourthly, on a pro-rata basis to the transferee(s) and/or renouncee(s) who have applied for excess Rights Shares with Warrants, taking on the quantum of their respective excess application.

Nevertheless our Board reserves the right to allot any excess Rights Shares with Warrants applied under Part II of the RSF in such manner as our Board deems fit and expedient in the best interest of our Company subject always to such allocation being made on a fair and equitable basis, and that the intention of our Board set out in Section 3.8 (i)-(iv) are achieved. Our Board also reserves the right to accept any excess Rights Shares with Warrants application, in full or in part, without assigning any reason.

NO ACKNOWLEDGEMENT OF RECEIPT OF THE RSF OR APPLICATION MONIES WILL BE MADE BY OUR COMPANY OR OUR SHARE REGISTRAR IN RESPECT OF THE EXCESS RIGHTS SHARES WITH WARRANTS. HOWEVER, SUCCESSFUL APPLICANTS WILL BE ALLOTTED THEIR RIGHTS SHARES WITH WARRANTS, AND NOTICES OF ALLOTMENT WILL BE ISSUED AND FORWARDED BY ORDINARY POST TO THE APPLICANTS AT THEIR OWN RISK TO THE ADDRESS SHOWN IN THE RECORD OF DEPOSITORS WITHIN EIGHT (8) MARKET DAYS FROM THE LAST DATE FOR ACCEPTANCE AND PAYMENT FOR THE EXCESS RIGHTS SHARES WITH WARRANTS.

APPLICANTS ARE NOT ALLOWED TO WITHDRAW THE RSF AND PAYMENT ONCE THEY HAVE BEEN LODGED WITH OUR SHARE REGISTRAR.

IN RESPECT OF UNSUCCESSFUL OR PARTIALLY SUCCESSFUL EXCESS RIGHTS SHARES WITH WARRANTS APPLICATIONS, THE FULL AMOUNT OR THE SURPLUS APPLICATION MONIES, AS THE CASE MAY BE, SHALL BE REFUNDED WITHOUT INTEREST TO THE APPLICANTS WITHIN FIFTEEN (15) MARKET DAYS FROM THE LAST DATE FOR ACCEPTANCE AND PAYMENT FOR THE EXCESS RIGHTS SHARES WITH WARRANTS BY ORDINARY POST TO THE ADDRESS SHOWN IN THE RECORD OF DEPOSITORS AT THE APPLICANTS' OWN RISK.

APPLICANTS SHALL NOT BE DEEMED TO HAVE BEEN ACCEPTED BY REASON OF THEIR REMITTANCE BEING REPRESENTED FOR PAYMENT.

3.9 Form of issuance

Bursa Securities has already prescribed our Shares listed on the ACE Market of Bursa Securities to be deposited with Bursa Depository. Accordingly, the Rights Shares with Warrants are prescribed securities and as such, the Securities Industry (Central Depositories) Act, 1991, Securities Industry (Central Depositories) (Amendment) Act, 1998 and the rules of Bursa Depository shall apply in respect of the dealings in the said securities.

Failure to comply with the specific instructions or inaccuracy in the CDS Account number may result in the application being rejected.

No physical share or warrant certificates will be issued to you under the Rights Issue with Warrants. Instead, the Rights Shares with Rights Warrants will be credited directly into your CDS Accounts. The notices of allotment will be issued and forwarded to you by ordinary post at your own risk to the address shown in the Record of Depositors within eight (8) Market Days from the last time and date for acceptance and payment of the Rights Issue with Warrants.

Any person who intends to subscribe for the Rights Shares with Rights Warrants as a renouncee by purchasing the provisional allotment of Rights Shares with Warrants from an Entitled Shareholder will have his Rights Shares with Rights Warrants credited directly as prescribed securities into his CDS Account.

The excess Rights Shares with Rights Warrants, if allotted to the successful applicant who applies for excess Rights Shares with Rights Warrants, will be credited directly as prescribed securities into his CDS Account.

3.10 Laws of foreign jurisdictions

This Abridged Prospectus, the NPA and the RSF have not been (and will not be) made to comply with the laws of any foreign jurisdiction and have not been (and will not be) lodged, registered or approved pursuant to or under any legislation (or with or by any regulatory authorities or other relevant bodies) of any foreign jurisdiction. The Rights Issue with Warrants will not be made or offered in any foreign jurisdiction. Foreign Entitled Shareholders or their renouncees (if applicable) may only accept or renounce (as the case may be) all or any part of their entitlements and exercise any other rights in respect of the Rights Issue with Warrants only to the extent that it would be lawful to do so.

M&A Securities, other experts, our Company and our directors and officers would not, in connection with the Rights Issue with Warrants, be in breach of the laws of any jurisdiction to which that foreign Entitled Shareholders or their renouncees (if applicable) are or may be subjected to. Foreign Entitled Shareholders or their renouncees (if applicable) shall solely be responsible to seek advice as to the laws of the jurisdictions to which they are or may be subject to. M&A Securities, other experts, our Company and our directors and officers shall not accept any responsibility or liability in the event that any acceptance or renunciation made by any foreign Entitled Shareholders or renouncees (if applicable), is or shall become unlawful, unenforceable, voidable or void in any such jurisdiction.

Accordingly, this Abridged Prospectus together with the accompanying documents will not be sent to the foreign Entitled Shareholders or their renouncees (if applicable) who do not have a registered address in Malaysia. However, such foreign Entitled Shareholders or their renouncees (if applicable) may collect the Abridged Prospectus including the accompanying documents from our Share Registrar, in which event our Share Registrar shall be entitled to request for such evidence as it deems necessary to satisfy itself as to the identity and authority of the person collecting the aforesaid documents.

The foreign Entitled Shareholders or their renouncees (if applicable) will be responsible for payment of any issue, transfer or any other taxes or other requisite payments due in such jurisdiction and we shall be entitled to be fully indemnified and held harmless by such foreign Entitled Shareholders or their renouncee(s) (if applicable) for any issue, transfer or other taxes or duties as such person may be required to pay. They will have no claims whatsoever against M&A Securities or us in respect of their rights and entitlements under the Rights Issue with Warrants. Such foreign Entitled Shareholders or their renouncee(s) (if applicable) should consult their professional advisers as to whether they require any governmental, exchange control or other consents or need to comply with any other applicable legal requirements to enable them to accept the Rights Issue with Warrants.

By signing any of the forms accompanying this Abridged Prospectus, the NPA, and the RSF, the foreign Entitled Shareholders or their renouncees (if applicable) are deemed to have represented, acknowledged and declared in favour of (and which representations, acknowledgements and declarations will be relied upon by) M&A Securities, other experts, our Company and our directors and officers that:

(i) we would not, by acting on the acceptance or renunciation in connection with the Rights Issue with Warrants, be in breach of the laws of any jurisdiction to which that foreign Entitled Shareholders or renouncees (if applicable) are or may be subjected to;

(ii) they have complied with the laws to which they are or may be subjected to in connection with the acceptance or renunciation;

(iii) they are not a nominee or agent of a person in respect of whom we would, by acting on the acceptance or renunciation, be in breach of the laws of any jurisdiction to which that person is or may be subjected to;

(iv) they are aware that the Rights Shares with Rights Warrants can only be transferred, sold or otherwise disposed of, or charged, hypothecated or pledged in accordance with all applicable laws in Malaysia;

(v) they have respectively received a copy of this Abridged Prospectus and have had access to such financial and other information and have been afforded the opportunity to pose such questions to the representatives of our Company and receive answers thereto as they deem necessary in connection with their decision to subscribe for or purchase the Rights Shares with Rights Warrants; and

(vi) they have sufficient knowledge and experience in financial and business matters to be capable of evaluating the merits and risks of subscribing or purchasing the Rights Shares with Rights Warrants, and are and will be able, and are prepared to bear the economic and financial risks of investing in and holding the Rights Shares with Rights Warrants.

Persons receiving this Abridged Prospectus, NPA and RSF (including without limitation custodians, nominees and trustees) must not, in connection with the offer, distribute or send it into any jurisdiction where to do so would or might contravene local securities, exchange control or relevant laws or regulations. If this Abridged Prospectus, NPA and RSF are received by any persons in such jurisdiction, or by the agent or nominee of such a person, he must not seek to accept the offer unless he has complied with and observed the laws of the relevant jurisdiction in connection herewith.

Any person who does forward this Abridged Prospectus, NPA and RSF to any such jurisdiction, whether pursuant to a contractual or legal obligation or otherwise, should draw the attention of the recipient to the contents of this section and we reserve the right to reject a purported acceptance of the Rights Shares with Warrants from any such application by foreign Entitled Shareholders or their renoucees (if applicable) in any jurisdiction other than Malaysia.

Our Company reserves the right, in its absolute discretion, to treat any acceptance of the Rights Shares with Rights Warrants as invalid if it believes that such acceptance may violate any applicable legal or regulatory requirements in Malaysia.

4. RATIONALE FOR THE RIGHTS ISSUE WITH WARRANTS

The Rights Issue with Warrants is part of our Company's Regularisation Scheme, which is a composite scheme to regularise the financial condition of IDEAL. Our Board is of the view that the Rights Issue with Warrants will enable our Group to raise capital for our future growth and expansion and working capital needs, which is expected to contribute positively to our earnings potential. This will further enhance the value of the Shares and strengthen shareholders' value. Our Board is of the view that the Rights Issue with Warrants is appropriate to:-

(i) our Group to raise capital and provide our Company with additional capital when the Warrants are exercised in the future. The exercise of the Rights Warrants will allow our Company to raise further proceeds from the equity market without incurring additional financing cost and minimise any potential cash outflow in respect of interest servicing as and when any of the Rights Warrants are exercised;

(ii) the Rights Issue with Warrants will involve the issuance of new IDEAL Shares without diluting the existing shareholders' equity interest (assuming all shareholders fully subscribe for their respective entitlements and exercise their Warrants in full);

(iii) allow our Company to be recapitalised after the Par Value Reduction; and

(iv) the Rights Warrants which are attached together with the Rights Shares will increase the attractiveness of the Rights Issue with Warrants further as it provides the Entitled Shareholders with the opportunity to increase their equity participation in IDEAL at a predetermined price during the tenure of the Rights Warrants. In addition, the Rights Warrants will enable our Company to raise further proceeds from the equity market as and when any of the Rights Warrants are exercised.

5. UTILISATION OF PROCEEDS

The Rights Issue with Warrants is expected to be implemented prior to the Placement with Warrants.

Based on an issue price of RM0.10 per Rights Share and Placement Share, the Rights Issue with Warrants and Placement with Warrants are expected to raise aggregate gross proceeds of RM11,800,320 which shall be utilised as follows:

	RM
Proceeds from the Rights Issue with Warrants	9,400,320
Proceeds from the Placement with Warrants	2,400,000
Total proceeds	**11,800,320**

Proposed Utilisation	***Notes***	**Timeframe**	**RM**
Working capital	*(i)*	Within 24 months from the listing of the Rights Shares and Placement Shares	4,954,620
To fund future projects / ventures	*(ii)*	Within 24 months from the listing of the Rights Shares and Placement Shares	5,028,700
Repayment of hire purchase creditors	*(iii)*	Within 6 months from the listing of the Rights Shares and Placement Shares	817,000
Expenses for the Regularisation Scheme	^	Within 3 months from the listing of the Rights Shares and Placement Shares	1,000,000
Total utilisation			**11,800,320**

Notes:

(i) *Our Company has estimated the following breakdown of proceeds to be utilised for working capital as follows:*

Working Capital	***RM***
Payment of other payables [(a)]	*900,000*
Payment of salaries [(b)]	*1,600,000*
To facilitate the sale of remaining inventory in IDEAL's horticulture business [(c)]	*150,000*
Other general operating expenses such as rental, statutory expenses, travelling and office supplies [(d)]	*1,054,620*
Renovation and rental of office in Kuala Lumpur [(e)]	*1,250,000*
	4,954,620

Notes:

(a) *The payment of other payables consists of the following:*

Details	***RM***
Professional fees relating to day to day operation of our Group	*130,000*
Staff benefits	*200,000*
Interest payment for hire-purchase financing	*280,000*
Service tax payable	*270,000*
Others	*20,000*
Total	***900,000***

(b) *The payment of salaries consists of payments to senior project managers, architects, quantity surveyors, site managers and site supervisors for our project management for property development which will be incurred for the next two (2) years.*

(c) *The net realisable value of the remaining inventory of IDEAL's horticulture business is valued at minimum amount of RM713,700 (47,580 plants at selling price of RM15-RM20 per plant). The cost to be incurred for the cessation of the horticulture business which involve selling all the remaining inventory is approximately RM150,000. This comprises labour cost, fertilizer/weeding cost, sales, marketing cost and transportation cost to be incurred towards cessation.*

(d) *The payment for general operating expenses consists of payment for existing office rental in 71-2, Ideal @ The One, Jalan Mahsuri, 11950 Bayan Lepas, Penang of RM15,000 per month and estimated operation costs such as utilities, travelling, training and office equipment of RM30,000 per month for the period of two (2) years.*

(e) *The payment on rental and renovation for the Kuala Lumpur office with an estimated floor area of 6,500 sq ft located at Jalan Ampang as part of our expansion plan to*

secure additional contracts in the Klang Valley. The estimated rental expense shall be RM25,000 per month over the period of two (2) years and the renovation cost is estimated to be RM650,000.

(ii) *The proposed allocation of RM5.029 million is intended to serve as a standby funding for our Group to embark on future projects relating to project management business for commercial and residential property development which started in March 2012. However, at this juncture, our Group has yet to determine the allocation as these future projects have yet to be secured, nonetheless, the allocation shall be determined based on the value of the project to be undertaken.*

Our Group's project management business led by our Executive Chairman, Dato' Ooi and Simon Ong Eng Chye, our Group's General Manager. They are both supported by a team of key management whom are experienced in property management business. The profiles of our Executive Chairman, Dato' Ooi and our Group's General Manager, Simon Ong Eng Chye are set out in Section 6.2(a) of this Abridged Prospectus.

Our Group is expecting to undertake up to eight (8) property management projects, the terms of which are currently under negotiation. Further details on the three (3) future projects to be secured in due course are set out in the table below:

Project Name	***Estimated Construction Cost (RM Million)***	***Services Rendered***	***Estimated Project Management and Design Revenue (RM Million)***		***Estimated Performance Based Fee (RM Million)***	
			(RM Million)	***Rate %***	***(RM Million)***	***Rate %***
Vision Park – Phase I	*90.0*	*Project Design Evaluation, Value Engineering & Construction Management*	*3.60*	*4*	*-*	*-*
Vision Park – Phase II	*69.0*		*4.14*	*6*	*-*	*-*
Vision Park – Phase V	*25.0*		*1.50*	*6*	*-*	*-*

Moving forward, our Group shall continue to be led by our key management team particular Dato Ooi and Simon Ong Eng Chye in evaluating and assessing feasibility of future projects. The criteria for selection of projects include inter-alia, the location of projects, type of projects, saleability of projects and prospects of the projects.

In the event the actual amounts utilised are less than the allocated amounts, the excess allocated amount shall be utilised as working capital for our Group.

(iii) *Refers to the hire purchase for machineries pursuant to our Group's horticulture business, for which the amount is currently under dispute and the matter is currently under litigation. Kindly refer to Section 4 of Appendix IX of this Abridged Prospectus.*

^ *In the event the actual expenses for the Regularisation Scheme differ from the estimated amount, the difference will accordingly be allocated to or subtracted from working capital under general operating expenses as our Board deems fit.*

Pending utilisation of proceeds from the Rights Issue with Warrants and the Placement with Warrants, for the above purposes, the proceeds will be deposited with financial institutions or short-term money market instruments.

The quantum of proceeds arising from the Rights Warrants and Placement Warrants is dependent upon the actual number of Rights Warrants and Placement Warrants exercised. The proceeds, if any, shall be utilised for the working capital of our Group.

6. RISK FACTORS

In running our business activities, we face risks which may have potential impact to our Group's performance unless proper anticipation and mitigation measures are exercised.

In addition to other information contained in this Abridged Prospectus, you should carefully consider the following risk factors before subscribing for or investing in the Rights Issue with Warrants. You should take note that these risk factors are not exhaustive. There may be additional risk factors, which are not disclosed below, that are not presently known to us or that we currently deem to be less significant, which may materially and adversely affect our business, financial condition, results of operation and prospects.

6.1 Risks relating to the Rights Issue with Warrants

(a) Delay in or abortion of the Rights Issue with Warrants

The Rights Issue with Warrants is exposed to the risk that it may be aborted or delayed on the occurrence of any one or more of the following events:

(i) *force majeure* events or events/circumstances, which are beyond the control of our Company and Adviser, arising prior to the implementation of the Rights Issue with Warrants; or

(ii) our major shareholder as set out in Section 2.5 above who have given its respective Undertakings to subscribe for the Rights Issue with Warrants may not fulfil or be able to fulfil its obligation.

In this respect, all monies raised in the Rights Issue with Warrants which are held in a trust account for our Company will be refunded free of interest within 14 days to the entitled shareholders in the event the Rights Issue with Warrants is aborted. Monies not repaid within 14 days will be returned with interest at the rate of 10% per annum or at such other rates as may be prescribed by the SC. Notwithstanding the above, our Company will exercise its best endeavour to ensure the successful implementation of the Rights Issue with Warrants. However, there can be no assurance that the abovementioned factors/events will not cause a delay in or abortion of the Rights Issue with Warrants.

(b) Market price of the Rights Shares and exercise price of the Rights Warrants

The issue price of the Rights Shares and the exercise price of the Rights Warrants was determined using market based pricing principles after taking into consideration the prevailing market price of IDEAL Shares, future business prospects of our Group as well as the par value of our Shares. Due consideration was also given to the fact that the Rights Warrants shall be issued for free to the subscribers of the Rights Shares.

There can be no assurance that the market price of our Shares (together with the Rights Shares and any new IDEAL Shares issued from time to time pursuant to the exercise of the Rights Warrants) upon or subsequent to the listing of and quotation for the Rights Shares and/or new IDEAL Shares issued from time to time pursuant to the exercise of the Rights Warrants will be maintained at or above the issue price of the Rights Shares and/or exercise price of the Rights Warrants (as the case may be).

(c) Potential Dilution

Entitled Shareholders who do not accept their provisional offer of the Right Shares will have their proportionate ownership and voting interest in IDEAL reduced and the percentage that IDEAL's enlarged issued and paid-up share capital represented by their shareholdings in IDEAL will also be reduced accordingly.

(d) Factors affecting the Rights Warrants

There is no prior market for the Rights Warrants. Hence, there is no assurance that an active market for the Rights Warrants will develop upon their listing, or if developed, it may not be sustained.

In addition, the price of the Rights Warrants would be dependent upon the price and volatility of our Shares and time period of the Rights Warrants before expiration. There is no assurance that the Warrants will be 'in-the-money' (i.e. the exercise price of the Rights Warrants being lower than the market price of our Shares) at any time during the tenure of the Warrants.

(e) GN3 classification

The Regularisation Scheme was approved by Bursa Securities vide its letter dated 13 May 2013. However, Bursa Securities shall only consider uplifting the GN3 classification after our Group has complied with the requirements under Rule 8.04 and GN3 of the ACE Market Listing Requirements of Bursa Securities.

In accordance with Rule 8.04(8) of the ACE Market Listing Requirements of Bursa Securities, in order for us to be removed from the GN3 classification, we must complete the implementation of our Regularisation Scheme and submit an application to Bursa Securities to demonstrate that our Company is no longer a GN3 company, together with all the necessary documentary evidence.

Our Company is expected to complete the implementation of the Regularisation Scheme in May 2014. However, in the event that our Company triggers any of the prescribed criteria of GN3 or our Company does not demonstrate that its problems, financial or otherwise that caused our Company's triggering of the GN3 criteria, there is a risk that we will continue to be classified under GN3 and/or Bursa Securities may suspend the trading of our Shares and de-list our Shares from the Official List (subject to our right to appeal against the de-listing).

(d) Forward-looking statements

Certain statements in this Abridged Prospectus are based on historical information, which may not be reflective of the future results, and others are forward-looking in nature, which are subject to uncertainties and contingencies.

All forward-looking statements are based on forecasts and assumptions made by our Group and although believed to be reasonable, are subject to known and unknown risks, uncertainties and other factors which may cause the actual results, performance or achievements to differ materially from the future results, performance or achievements expressed or implied in such forward-looking statements. Such factors include, *inter alia*, the risk factors as set out in this section. In light of these and other uncertainties, the inclusion of forward-looking statements in this Abridged Prospectus should not be regarded as a representation or warranty by our Company that the plans and objectives of our Group will be achieved.

6.2 Risks relating to our Group

(a) Dependence on our Directors and key management

To a large extent, our Group's continued success will depend on the abilities, experience and continued efforts of our Directors and key management. Having a strong key management team is important towards maintaining the quality of our services and the relationship with our clients. The loss of any of these key personnel without suitable and timely replacements, and an inability to attract or retain qualified and right personnel would have an unfavourable and material impact on our Group's ability to compete effectively and in turn, our business and operating results.

Our Group's business is dependent on our Executive Chairman, Dato' Ooi, who is mainly responsible for the overall strategic direction and management of our Group.

The profile of Dato' Ooi is as follows:

Dato' Ooi is our Group's Chief Executive Officer. Dato' Ooi, a Malaysian aged 43, is currently the Executive Chairman of our Group. He is mainly responsible for the overall strategic direction and management of our Group. He also oversees the planning and designs of projects, and is also responsible for the identification and negotiations of all new projects and business development activities. He graduated with a Bachelor of Science in Computer Engineering from Ohio State University, United States in 1994.

Dato' Ooi has accumulated over 18 years' experience within the property development and construction industry where he has garnered numerous successes in both, the managing and running of property development business as well as in his property consultancy business. Dato' Ooi started his career in 1994 as a Process Engineer in a Penang based company principally involved in packaging of semiconductors for multinational companies. In 1995, he joined a Rich Focus Corporation Sdn Bhd as its Marketing & Finance Director where he is responsible for the company's overall property marketing and finance division. He successfully implemented various innovative marketing programmes which were highly successful with at least 90% sales take up rate. He was later promoted to the position of Chief Executive Officer in 2000.

He left the Penang based property developer in 2001 to pursue his own property consultancy business under Ideal Concept Intelligence Sdn Bhd, which has been involved in property business concept services and turnkey development contracting from 2003 to 2008 and has focused solely on turnkey development contracting since 2008. In year 2007, Dato' Ooi had scaled down the property consultancy business with the completion of last project in Cambodia and started focusing on property development for commercial and residential properties on his own. Since 2007, through his personal involvement, he has successfully completed five (5) property development projects with a total GDV of RM1.12 billion locally.

He emerged as our major shareholder on 1 October 2010.

The loss of our Executive Chairman could adversely affect our performance.

We strive to minimise this risk by ensuring that we have the ability to retain our existing Directors and key management. This can be achieved by having in place human resource strategies and developing a human resource plan that includes suitable compensation packages, career development and training and development programmes for our key management. We place significant emphasis on succession planning and developing and retaining management talent. We may also hire a Chief

Executive Officer to reduce our dependency on our Executive Chairman, Dato' Ooi, over identification and negotiations of new projects and business development activities. In addition, Simon Ong Eng Chye, our Group's General Manager is also actively involved in business development activity of our Group.

The profile of Simon Ong Eng Chye is as follows:

Simon Ong Eng Chye, a Malaysian aged 56, is currently the General Manager of IPBPOSB. He is responsible for our Group's overall management and implementation of property development activities in addition to business development. He graduated with a Bachelor of Science in Civil Engineering from Birmingham University, United Kingdom ("UK") in 1979 and a Master of Business Administration from Bath University, UK in 1992. He is a corporate member of the Institution of Engineers, Malaysia and the Institution of Civil Engineers, UK. He is also a registered Professional Engineer.

He is a professional engineer with over 32 years of diverse experience in property development and construction industry. In 1980, he started his career working with Ove Arup & Partners, an international engineering consultancy serving in both Malaysia and UK. Upon returning to Malaysia in 1989, he widened his exposure in construction and property development industry with working stints in public listed entities YTL Corporation Bhd and Cygal Bhd. Prior to joining our Group, he served as the General Manager for Ideal Property Intelligence Sdn Bhd from June 2008 to July 2011. To date, he has participated in ten (10) projects comprising residential and commercial developments in both UK and Malaysia in various capacities including structural design, construction management, project management, and development management.

Notwithstanding our efforts, there can be no assurance that the above measures will always be successful in retaining our Directors or key management or in ensuring a smooth transition or management succession plan should such key persons no longer be able to serve our Group.

(b) Business risks

Like any other businesses operating in an open economy, we are subject to market forces. Whilst we are in the project management business for property development, we are also subject to certain risks inherent in the construction and property development industries. These include, but are not limited to labour shortages, increases in the cost of labour, the non-performance or unsatisfactory performance of sub-contractors, inclement weather, natural disasters, accidents, changes in general economic and business conditions, entry of new competitors and the industry experiencing downturn. Project delays, loss of revenue and cost over-runs are likely to result from such events which could affect our client and in turn, adversely affect our business, operations and financial performance, and our Group's profitability.

Our Group seeks to mitigate these business risks through, amongst others, close monitoring of the progress of our projects and endeavour to promptly rectify any setback in order to ensure that performance is not materially and adversely affected.

Although our Group seeks to limit these risks through, inter-alia, a careful identification of the type of projects, close supervision on our projects and effective human resource management, no assurance can be given that any change to these factors will not have a material adverse effect on our Group's business.

(c) Business diversification risk

Our Group has not been previously involved in the project management business for property development. Hence, our Group may be subject to challenges and initial risks arising from the project management business for property development in which our Group does not have any track record to ensure the success of this venture. Furthermore, there is no assurance that in the event that Dato' Ooi should resign, it will not adversely affect our Group's ability to succeed and compete in the project management business arising from the diversification of principal activities.

Nevertheless, our Group believes that Dato' Ooi is very experienced in the project management segment for this venture to succeed. His vast experience coupled with the expertise of the management team, our Group will be able to attain the required expertise for the project management business. Dato' Ooi is also the major shareholder of our Company, and thus, is committed to ensure the success of this venture. However, there is no assurance that the loss of any key management will not adversely affect our Group's ability to succeed and compete in the project management business.

6.3 Risks relating to the key industries of our Group

(a) Competition risk

Due to the wide and diversified requirements for project management and its related services, the project management services market is highly competitive and fragmented with over 3,000 small to large market participants comprising architectural, engineering, quantity surveyors, project management and other related technical consulting companies directly serving the project management services market. Aside from these market participants who are direct participants of the project management services market, there are also a number of larger contractors and property developers who may employ their own resources to perform project management services as part of their service offerings as well.

Given the industry in which our Group is operating in is highly competitive, there can be no assurance that our Group will be able to compete successfully against other competitors and new entrants in the future. However, our Group believes that our competitive strengths which amongst others include established, proven leadership, strong and seasoned management team, track record and its value-added service offerings would enable it to compete effectively in the project management services market.

In addition, our Group has also put in place a series of future plans and business strategies which would enable it to compete, increase and sustain its revenue growth in the longer term. These future plans and business strategies include domestic and overseas expansion, increase number and size of projects with existing clients as well as extension of service offerings.

Nevertheless, there can be no assurance that a significant change in the competitive environment would not have an adverse impact on our market positioning and/or share.

(b) Political, economic and regulatory risks

Given that we are currently only operating in Malaysia, any adverse development in the political scene as well as economic uncertainties in the country could have an adverse impact on the financial performance of our Group.

We may be affected by political or regulatory changes which include but are not limited to a change in political leadership and/or government policies, and the introduction of new laws and regulations which may affect our business operations and the way we conduct our business. Other political uncertainties include such external factors such as the risks of wars, terrorism, nationalisation and expropriation.

Our business operations and financial performance may also be affected by economic risk such as an economic slowdown or recession. In the event of an economic slowdown or recession, the construction and property development industries are likely to be affected as projects may be lesser during such times. However, our government may undertake expansionary fiscal policies and increase public spending to stimulate the economy.

Whilst we may not have experienced any severe restrictions on our conduct of business in Malaysia and we will comply with any new laws and regulations imposed, there is no assurance that any adverse development or change in the political and economic situation in Malaysia would not adversely affect our ability to conduct our business operations in the country.

7. FUTURE PROSPECTS OF OUR GROUP

The completion of the Regularisation Scheme is expected to put our Group onto a better financial standing and profitability. Taking into consideration that IDEAL is on track of financial recovery, the growth of our business will be a top priority and will be implemented in an orderly manner.

In view of the prospects and outlook of the of the industry for which our Group is operating in, namely the project management services industry as set out in Appendix IV, our Group intends to secure more projects moving forward.

Under the 10th Malaysia Plan, the private sector will be re-energise and a more conducive environment will be nurtured to encourage private spending, business activities and investments. On top of the 10th Malaysia Plan, the rollout of the Economic Transformation Programme will also see a number of major property development projects planned within the Greater KL along with infrastructure projects would support the growth of the construction industry.

The Greater KL initiative targets to increase the number of people living in the city from 6 million currently to 10 million by 2020. It is estimated that an additional one million homes would have to be constructed to meet the requirements of an enlarged population base. The Greater KL plan alone will require a cumulative funding of RM172 billion from 2010 to 2020, of which 34% is expected to come from the public sector. Among some of the specific initiatives under the Greater KL plan includes an International Financial District in Kuala Lumpur, redevelopment of the Sungai Besi airport, township development in Sungai Buloh, establishing a world class integrated convention facilities at Jalan Duta and a Malaysia Truly Asia Centre. Urban rejuvenation efforts including the redevelopment of Kampung Baru will also be undertaken.

Our Group is encouraged by this, and given the current shortfall in good project management professionals; our Group intends to capitalise on the various opportunities offered and secure more projects, moving forward. As at LPD, our Group is targeting to secure another project where IDEAL will be providing construction management services estimated at RM3.6 million (based on estimated construction cost of RM90 million) for the construction of four (4) blocks of condominium in Bayan Lepas, Pulau Pinang. This is the initial phase of a proposed mixed development named Vision Park. Our Group expects to secure an additional estimated total service revenue of RM5.64 million based on a remaining balance of an estimated construction cost of RM94 million from the remaining phases of the same development moving forward. Our Group has allocated RM5.029 million from the proceeds to be raised from Rights Issue with Warrants to serve as a standby funding for our Group to embark on future projects relating to project management.

8. FINANCIAL EFFECTS OF THE RIGHTS ISSUE WITH WARRANTS

For illustration purpose, the effects of the Rights Issue with Warrants are set out below together with the effects of the rest of the Regularisation Scheme on the share capital, NA, gearing, earnings and dividends in our Group.

The Exemption will not have any financial effects on our Company's share capital, NA, gearing, earnings and dividends.

8.1 Share capital

The proforma effects of the Balance Sheet Reconstruction, Rights Issue with Warrants and Placement with Warrants on our Company's issued and paid-up share capital are as follows:

	No. of Shares	**RM**
Existing issued and paid-up share capital as at LPD	235,008,000	23,500,800
After the Balance Sheet Reconstruction	23,500,800	2,350,080
To be issued pursuant to the Rights Issue with Warrants	94,003,200	9,400,320
After the Rights Issue with Warrants	117,504,000	11,750,400
To be issued pursuant to the Placement with Warrants	24,000,000	2,400,000
After the Placement with Warrants	141,504,000	14,150,400
To be issued pursuant to the full exercise of the Rights Warrants and Placement Warrants	59,001,600	5,900,160
Enlarged share capital	**200,505,600**	**20,050,560**

8.2 NA, NA per share and gearing

The proforma effects of the Balance Sheet Reconstruction, Rights Issue with Warrants and Placement with Warrants on the NA, NA per share and gearing position of our Group, based on our consolidated audited balance sheets as at 31 December 2012 and assuming that the Balance Sheet Reconstruction, Rights Issue with Warrants and Placement with Warrants had been effected as at 31 December 2012 are as follows:

	Audited as at 31.12.2012 RM'000	**Adjusted for disposal of land as at 31.12.2012[@] RM'000**	**After the Share Premium Cancellation RM'000**	**After the Par Value Reduction and Share Consolidation RM'000**	**After the Rights Issue with Warrants[#] RM'000**	**After the Placement with Warrants RM'000**	**After exercise of the Rights Warrants and Placement Warrants RM'000**
Share capital	23,501	23,501	23,501	2,350	11,750	14,150	20,050
Share premium	22,027	22,027	-	-	-	-	-

	Audited as at 31.12.2012 RM'000	Adjusted for disposal of land as at 31.12.2012[@] RM'000	After the Share Premium Cancellation RM'000	After the Par Value Reduction and Share Consolidation RM'000	After the Rights Issue with Warrants[#] RM'000	After the Placement with Warrants RM'000	After exercise of the Rights Warrants and Placement Warrants RM'000
Discount on shares	-	-	-	-	**(1,880)	**(2,360)	-
Revaluation reserve	1,367	-	-	-	-	-	-
Warrants reserve	-	-	-	-	**1,880	**2,360	-
Accumulated Losses	(44,707)	(42,900)	(20,873)	278	278	*(722)	(722)
Shareholders' funds / NA	**2,187**	**2,627**	**2,627**	**2,628**	**12,028**	**14,428**	**19,328**
Total no. of IDEAL Shares ('000)	235,008	235,008	235,008	23,501	117,504	141,504	200,506
NA / share (RM)	0.009	0.011	0.011	0.112	0.102	0.102	0.096
Borrowings^	5,527	817	817	817	-	-	-
Gearing (times)	2.53	0.31	0.31	0.31	-	-	-

Notes:

@ *After adjusting for the effects of the disposal of two (2) adjoining vacant industrial lands held under Lot Nos. PTD 87654 and PTD 87663, Title Nos. HS(D) 50239 and HS(D) 50240 respectively, all in Mukim of Senai, District of Kulaijaya, Johor for a total cash consideration of RM4,906,315.20. The disposal exercise was approved by our shareholders at an EGM convened on 19 June 2013 and was completed on 24 October 2013. A summary of the effects of the disposal is set out in Note II of the proforma consolidated statement of financial position as at 31 December 2012 as set out in Appendix V of this Abridged Prospectus. The proceeds from the disposal was used to pare down borrowings amounted to RM4.7 million due to RHB Bank Berhad.*

* *After deducting estimated expenses for the exercise of RM1,000,000.*

^ *Refers to bank borrowings and hire purchase.*

\# *After repayment of bank borrowings and hire purchase from the proceeds from the Rights Issue with Warrants and Placement with Warrants.*

** *Based on the fair value of the Warrants at RM0.04 per warrant using the Black-Scholes model.*

8.3 Earnings and EPS

The Regularisation Scheme is expected to contribute positively to the future earnings (and consequently the EPS) and put our Group back onto stronger financial footing. Our Company has been recording profits since our diversification into the project management business and is expected to continue recording profits following the completion of the implementation of the Regularisation Scheme. In addition, the accumulated losses of our Group is expected to be fully eliminated after the completion of the Balance Sheet Reconstruction.

8.4 Dividends

The Balance Sheet Reconstruction, Rights Issue with Warrants and Placement with Warrants are not expected to affect our dividend policy as future dividend payable by our Company would be dependent on inter-alia, the future profitability and cashflow position of our Group.

9. WORKING CAPITAL, BORROWINGS, CONTINGENT LIABILITIES AND MATERIAL COMMITMENTS

9.1 Working capital

Our Board is of the opinion that after taking into consideration the proceeds of the Rights Issue with Warrants, cash in hand, cashflow generated from our operations and banking facilities available; our Group will have adequate working capital to meet our business requirements due within a period of twelve (12) months from the date of this Abridged Prospectus.

9.2 Borrowings

As at the LPD, our Group has a total outstanding borrowing as follows:-

Fixed rate interest bearing borrowings:	**RM'000**
Hire purchase payables	817

Our Group had defaulted on certain hire purchase instalments and bank borrowings as disclosed in Notes 21, 24 and 29 of the audited consolidated financial statements for FYE 31 December 2012 enclosed in Appendix VI. As at the LPD, these defaults in borrowings have been settled.

There has not been any default on payments of either interest or principal sums by our Group, in respect of any borrowings during the FYE 31 December 2012 and for the subsequent financial period up to the LPD.

9.3 Material commitments

Our Board confirms that there are no material commitment, incurred or known to be incurred, which may have a material impact on the results or financial position of our Group as at the LPD.

9.4 Contingent liabilities

Save as disclosed below, as at the LPD, our Board confirms that there are no contingent liabilities, incurred or known to be incurred, which upon becoming enforceable, may have a substantial impact on the ability of our Group to meet its obligations as and when they fall due.

Details	**RM'000**
Corporate guarantees given to the financial institutions for banking and hire purchase facilities granted to IPCSB including machinery and equipments for the production of organic fertilizer	6,550

10. TERMS AND CONDITIONS

The issuance of the Rights Shares with Rights Warrants pursuant to the Rights Issue with Warrants is governed by the terms and conditions as set out in this Abridged Prospectus, the Deed Poll, the NPA and RSF enclosed herewith.

11. FURTHER INFORMATION

You are requested to refer to the attached appendices for further information.

Yours faithfully,
For and on behalf of the Board of
IDEAL SUN CITY HOLDINGS BERHAD

Dato' Ooi Kee Liang
Executive Chairman

CERTIFIED EXTRACT OF THE ORDINARY RESOLUTION PERTAINING TO THE RIGHTS ISSUE WITH WARRANTS PASSED AT OUR EGM HELD ON 13 NOVEMBER 2013

IDEAL SUN CITY HOLDINGS BERHAD
(Company No. 640850-U)
(Incorporated in Malaysia)

EXTRACT OF THE MINUTES OF THE EXTRAORDINARY GENERAL MEETIND HELD ON 13 NOVEMBER 2013

ORDINARY RESOLUTION
PROPOSED RENOUNCEABLE RIGHTS ISSUE OF 94,003,200 NEW IDEAL SHARES ("RIGHTS SHARES") TOGETHER WITH 47,001,600 FREE DETACHABLE WARRANTS ("RIGHTS WARRANTS") AT AN ISSUE PRICE OF RM0.10 PER RIGHTS SHARE ON THE BASIS OF FOUR (4) RIGHTS SHARES FOR EVERY ONE (1) IDEAL SHARE HELD TOGETHER WITH ONE (1) RIGHTS WARRANT FOR EVERY TWO (2) RIGHTS SHARES SUBSCRIBED AFTER THE PROPOSED BALANCE SHEET RECONSTRUCTION ("PROPOSED RIGHTS ISSUE WITH WARRANTS")

The Chairman requested for a proposer and seconder for the following resolution:-

Thong Pang Tong proposed followed by Lu Peng Kim who seconded the resolution.

The Chairman put the resolution to vote and it was RESOLVED:-

THAT subject to the approvals from relevant authorities being obtained where necessary, approval be and is hereby given for IDEAL to undertake the Proposed Rights Issue with Warrants as follows:

(a) To issue and allot 94,003,200 Rights Shares to the shareholders of IDEAL whose names appear in the Record of Depositors of IDEAL as at the close of business on an entitlement date to be determined later ("Entitled Shareholders") on the basis of four (4) Rights Shares for every one (1) IDEAL Share held together with one (1) Rights Warrant for every two (2) Rights Shares subscribed after the Proposed Balance Sheet Reconstruction;

(b) To issue and allot 47,001,600 free Rights Warrants to those Entitled Shareholders who have successfully applied for the Rights Shares on the basis of one (1) Rights Warrant for every two (2) Rights Shares;

(c) To constitute the Rights Warrants upon the terms and conditions of a deed poll to be executed by IDEAL ("Deed Poll"), the principal terms of which are set out in Appendix II of the Circular to Shareholders dated 11 October 2013;

(d) To issue and allot such other additional Rights Warrants as may be required or permitted to be issued as a result of any adjustment under the provisions of the Deed Poll; and

(e) To issue and allot such number of new IDEAL Shares arising from the exercise of the Rights Warrants during the tenure of the Rights Warrants;

THAT the Board be and is hereby authorised to allocate the excess Rights Shares in a fair and equitable manner on a basis to be determined by the Board in its absolute discretion;

IDEAL SUN CITY HOLDINGS BERHAD (Company No. 640850-U)
EXTRACT OF THE MINUTES OF THE EXTRAORDINARY GENERAL MEETIND HELD ON 13 NOVEMBER 2013

ORDINARY RESOLUTION
PROPOSED RENOUNCEABLE RIGHTS ISSUE OF 94,003,200 NEW IDEAL SHARES ("RIGHTS SHARES") TOGETHER WITH 47,001,600 FREE DETACHABLE WARRANTS ("RIGHTS WARRANTS") AT AN ISSUE PRICE OF RM0.10 PER RIGHTS SHARE ON THE BASIS OF FOUR (4) RIGHTS SHARES FOR EVERY ONE (1) IDEAL SHARE HELD TOGETHER WITH ONE (1) RIGHTS WARRANT FOR EVERY TWO (2) RIGHTS SHARES SUBSCRIBED AFTER THE PROPOSED BALANCE SHEET RECONSTRUCTION ("PROPOSED RIGHTS ISSUE WITH WARRANTS") (CONTINUED...)

THAT the Board be and is hereby entitled to deal with all or any of the fractional entitlement of the Rights Shares and Rights Warrants arising from the Proposed Rights Issues with Warrants, which are not validly taken up or which are not allotted for any reason, whatsoever, in such manner as the Board may in their absolute discretion deems fit and in the best interest of our Company.

THAT the Rights Shares and new IDEAL Shares to be issued pursuant to the exercise of the Rights Warrants, shall upon allotment and issue, rank pari passu, in all respects with the then existing Rights Shares except that they will not be entitled to any dividends, rights, allotments and/or other distributions, the entitlement date of which is prior to the date of allotment of the Rights Shares and new IDEAL Shares to be issued pursuant to the exercise of the Rights Warrants (as the case may be).

THAT the Board be and is hereby authorised with full power to make any modifications, variations and/or amendments in any manner as may be in the best interest of the Company or as may be required by the relevant authority / authorities to give effect to the Proposed Rights Issue with Warrants, and to take all such steps as they may deem necessary or expedient in the best interests of the Company to implement, finalise and give full effects to the Proposed Rights Issue with Warrants.

CERTIFIED TRUE COPY

Dato' Ooi Kee Liang
Chairman

Chew Siew Cheng
(MAICSA 7019191)
Joint Secretary

SALIENT TERMS OF THE WARRANTS

Terms		**Details**
Number of Warrants	:	(i) 47,001,600 Rights Warrants to subscribe for 47,001,600 new IDEAL Shares, are to be issued for free to the Entitled Shareholders pursuant to the Rights Issue with Warrants. (ii) 12,000,000 Placement Warrants to subscribe for 12,000,000 new IDEAL Shares, are to be issued for free to investors to be identified pursuant to the Placement with Warrants.
Detachability	:	The Warrants are immediately detached upon issue and allotment of the Rights Shares and Placement Shares. The Warrants will be traded separately.
Exercise Price	:	The Warrants are exercisable into new IDEAL Shares at an exercise price of RM0.10. The exercise price and the number of outstanding Warrants shall however be subject to the adjustments in accordance with the terms and provisions of the Deed Poll during the Exercise Period.
Exercise Period	:	The Warrants may be exercised at any time during the tenure of the Warrants of five (5) years including and commencing from the issue date of the Warrants. Warrants not exercised during the Exercise Period will thereafter lapse and cease to be valid.
Exercise Rights	:	Each Warrant entitles the registered holder to subscribe for one (1) new IDEAL Share at the Exercise Price at any time during the Exercise Period and shall be subject to adjustments in accordance with the provisions of the Deed Poll.
Deed Poll	:	The Warrants will be constituted by the Deed Poll.
Board Lot	:	The Warrants are tradeable upon listing in board lots of 100 units carrying rights to subscribe for 100 new IDEAL Shares at any time during the Exercise Period or such other number of units as may be prescribed by Bursa Securities.
Status of New IDEAL Shares to be issued pursuant to the exercise of the Warrants	:	All the new IDEAL Shares to be issued pursuant to the exercise of the Warrants shall, upon issue and allotment, rank pari passu in all respects with the then existing IDEAL Shares except that they will not be entitled to any dividends, rights, allotments and/or other distributions which may be declared, the entitlement date of which is prior to the date of allotment and issue of the said new IDEAL Shares.
Listing	:	Bursa Securities had, vide its letter dated 13 May 2013 approved-in-principle the listing of the Warrants and new IDEAL Shares arising from the exercise of Warrants as well as the admission of the Warrants to the Official List of the ACE Market.
Adjustment in the Exercise Price and/or the number of Warrants held by warrant holders in the event of alteration to the share capital	:	Subject to the provision in the Deed Poll, the Exercise Price and the number of Warrants held by each Warrant holder shall be adjusted by the Board of IDEAL in consultation with the adviser and certification of the external auditors, in the event of alteration to the share capital of the Company.

Terms		Details
Further Issues	:	Subject to the provision in the Deed Poll, the Company is free to issue shares to shareholders either for cash or as a bonus distribution and further subscription rights upon such term and conditions as the Company sees fit but the Warrant holders will not have any participating rights in such issue unless otherwise resolved by the Company in general meeting.
Rights in the Event of Winding Up, Liquidation, Compromise and/or Arrangement	:	Where a resolution has been passed for a members' voluntary winding-up of the Company, or where there is a compromise or arrangement, whether or not for the purpose of or in connection with a scheme for the reconstruction of the Company or the amalgamation of the Company with one or more companies, then: (i) for the purpose of such a winding up, compromise or arrangement (other than a consolidation, amalgamation or merger in which the Company is the continuing corporation) to which the Warrant holders, or some persons designated by them for such purposes by a special resolution, will be a party, the terms of such winding-up, compromise or arrangement will be binding on all the Warrant holders; and (ii) in any other cases, every Warrant holder shall be entitled at any time within six (6) weeks after the passing of such resolution for a members' voluntary winding up of the Company or within six (6) weeks after the granting of the court order approving the winding-up, compromise or arrangement, elect to be treated as if he had immediately prior to the commencement of such winding-up, compromise or arrangement exercised the Exercise Rights represented by his Warrants and be entitled to receive out of the assets of the Company which would be available in liquidation as if he had on such date been the holder of the new IDEAL Shares to which he would have become entitled pursuant to such exercise.
Governing Law	:	Laws of Malaysia.

INFORMATION ON OUR COMPANY

1. HISTORY AND BUSINESS

IDEAL was incorporated in Malaysia under the Act on 28 January 2004 as a public limited company under the name of Equator Life Science Berhad and was listed on the then MESDAQ Market (now known as the ACE Market) of Bursa Securities on 25 May 2005. IDEAL changed its name on 16 March 2012 to Ideal Sun City Holdings Berhad.

The Company's principal activity is that of investment holding. Since incorporation, the Group has principally been engaged in the propagation of various ornamental plants through the application of biotechnology, such as micro-propagation and bio-conversion to mass propagation of ornamental plants. In 2011, the Group scaled down its core business in cultivation of ornamental plants due to the slowdown of ornamental business in the European market. Thereafter, in March 2012, the Group diversified into the business of project management for property development.

The principal activities of the subsidiaries of IDEAL are set out in Section 5 below.

2. SHARE CAPITAL

2.1. Authorised and issued and paid-up share capital

Details of IDEAL's authorised and issued and paid-up share capital as at the date of this Abridged Prospectus are as follows:

Share capital	No. of IDEAL Shares	Par value RM	Amount RM
Authorised	500,000,000	0.10	50,000,000
Issued and paid-up	23,500,800	0.10	2,350,080

2.2. Changes in Issued and Paid-Up Share Capital

Details of the changes in IDEAL's issued and paid-up share capital since our date of incorporation to the date of this Abridged Prospectus are as follows:

Date of allotment	No. of IDEAL Shares	Par value RM	Consideration	Issued and paid-up share capital (Cumulative) RM
28.01.2004	20	0.10	Subscribers' shares	2
24.03.2005	175,007,980	0.10	Consideration for the acquisition of Equator Biotech Sdn. Bhd. ("EBSB")	17,500,800
18.05.2005	60,000,000	0.10	RM0.10 per share	23,500,800
09.12.2013	-	0.01	Pursuant to the Par Value Reduction	2,350,080
07.04.2014	(211,507,200)	0.10	Pursuant to the Share Consolidation	2,350,080

3. SUBSTANTIAL SHAREHOLDERS

Based on our Register of Substantial Shareholders as at the LPD, the proforma effects of the Rights Issue with Warrants (together with the rest of the Regularisation Scheme) on the shareholdings of our substantial shareholders are as follows:

Minimum Scenario: Assuming none of the Entitled Shareholders subscribe for their entitlements pursuant to the Rights Issue with Warrants, and the Undertaking and Additional Undertaking take place.

	Existing				(I) After the Balance Sheet Reconstruction				(II) After (I) and the Rights Issue with Warrants			
	Direct		Indirect		Direct		Indirect		Direct		Indirect	
Substantial Shareholders	No. of IDEAL Shares	%	No. of IDEAL Shares	%	No. of IDEAL Shares	%	No. of IDEAL Shares	%	No. of IDEAL Shares	%	No. of IDEAL Shares	%
IdealSunCity	75,202,600	32.00	-	-	7,520,260	32.00	-	-	101,523,460	86.40	-	-
Dato' Ooi	1,000	*	(1)75,202,600	32.00	100	*	(1)7,520,260	32.00	100	*	(1)101,523,460	86.40
Datin Phor (2)	1,000	*	(1)75,202,600	32.00	100	*	(1)7,520,260	32.00	100	*	(1)101,523,460	86.40

	(III) After (II) and the Placement with Warrants(3)				(IV) After (III) and the full exercise of the Rights Warrants and Placement Warrants			
	Direct		Indirect		Direct		Indirect	
Substantial Shareholders	No. of IDEAL Shares	%	No. of IDEAL Shares	%	No. of IDEAL Shares	%	No. of IDEAL Shares	%
IdealSunCity	101,523,460	71.75	-	-	148,525,060	74.08	-	-
Dato' Ooi	100	*	(1)101,523,460	71.75	100	*	(1)148,525,060	74.08
Datin Phor (2)	100	*	(1)101,523,460	71.75	100	*	(1)148,525,060	74.08

Notes:

* *Negligible.*
(1) *Deemed interest by virtue of his/her substantial shareholding in IdealSunCity.*
(2) *Dato' Ooi is the spouse of Datin Phor.*
(3) *Assuming the Placement Shares will be placed with persons holding not more than 5% of the issued and paid-up share capital of IDEAL.*

Maximum Scenario: Assuming all of the Entitled Shareholders subscribe for their entitlement pursuant to the Rights Issue with Warrants.

Substantial Shareholders	Existing as at the LPD				(I) After the Balance Sheet Reconstruction				(II) After (I) and the Rights Issue with Warrants			
	Direct		Indirect		Direct		Indirect		Direct		Indirect	
	No. of IDEAL Shares	%	No. of IDEAL Shares	%	No. of IDEAL Shares	%	No. of IDEAL Shares	%	No. of IDEAL Shares	%	No. of IDEAL Shares	%
IdealSunCity	75,202,600	32.00	-	-	7,520,260	32.00	-	-	37,601,300	32.00	-	-
Dato' Ooi	1,000	*	(1)75,202,600	32.00	100	*	(1)7,520,260	32.00	500	*	(1)37,601,300	32.00
Datin Phor (2)	1,000	*	(1)75,202,600	32.00	100	*	(1)7,520,260	32.00	500	*	(1)37,601,300	32.00

Substantial Shareholders	(III) After (II) and the Placement with Warrants(3)				(IV) After (III) and the full exercise of the Rights Warrants and Placement Warrants			
	Direct		Indirect		Direct		Indirect	
	No. of IDEAL Shares	%	No. of IDEAL Shares	%	No. of IDEAL Shares	%	No. of IDEAL Shares	%
IdealSunCity	37,601,300	26.57	-	-	52,641,820	26.25	-	-
Dato' Ooi	500	*	(1) 37,601,300	26.57	700	*	(1)52,641,820	26.25
Datin Phor (2)	500	*	(1)37,601,300	26.57	700	*	(1)52,641,820	26.25

Notes:

* *Negligible.*

(1) *Deemed interest by virtue of his/her substantial shareholding in IdealSunCity.*

(2) *Dato' Ooi is the spouse of Datin Phor.*

(3) *Assuming the Placement Shares will be placed with persons holding not more than 5% of the issued and paid-up share capital of IDEAL.*

4. BOARD OF DIRECTORS

The age, profession, designation, nationalities and addresses of our Board are set out under the Corporate Information on Board of Directors on page (1) of this Abridged Prospectus.

The effects of the Rights Issue with Warrants on Dato' Ooi and Datin Phor Li Wei, both of whom are our Directors as well as substantial shareholders are set out in Section 3 above.

Save for the foregoing, there is no other Director who has shareholdings in IDEAL.

5. SUBSIDIARY AND ASSOCIATED COMPANIES

The details of IDEAL's subsidiaries as at the LPD are set out below:

Name of company	**Date and Country of incorporation**	**Issued and paid-up share capital**	**Effective equity interest**	**Principal activities**
IPBPOSB	28.03.2011 Malaysia	RM100,000	100.00	Sales of ornamental plants, project management services
ICSB	11.04.2011 Malaysia	RM2	100.00	Dormant
IPCSB	08.04.1997 Malaysia	RM10,187,800	100.00	Provision of project management services
Equator TC Sdn Bhd	07.09.2005 Malaysia	RM2	100.00	Dormant
IPLSB	07.09.2005 Malaysia	RM2	100.00	Dormant

IDEAL does not have any associated company.

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6. PROFIT AND DIVIDEND RECORDS

The profit records based on our Group's audited consolidated financial statements from the FYE 31 December 2010 to 31 December 2012 and the unaudited consolidated financial statements for the FYE 31 December 2013 are as follows:

	<------------------Audited---------------->			Unaudited
	FYE 31.12.2010	**FYE 31.12.2011**	**FYE 31.12.2012**	**FYE 31.12.2013**
	RM	**RM**	**RM**	**RM**
Revenue[#]	2,553,110	647,969	7,202,163	8,575,734
Gross profit/(loss)	(3,962,602)	(11,072,660)	5,824,388	6,117,286
Other income	992,134	1,188,595	171,957	259,477
Earnings/(Loss) before interest, taxation, depreciation and amortisation	(4,431,052)	(12,618,358)	4,400,164	4,809,848
Depreciation and amortisation	(973,722)	(758,618)	(81,660)	(124,524)
Finance cost	(982,576)	(704,076)	(406,846)	(255,862)
PBT / (LBT)	(6,387,350)	(14,081,052)	3,911,618	4,429,462
Taxation	-	-	(51,000)	(297,753)
PAT / (LAT) attributable to equity holders	(6,387,350)	(14,081,052)	3,860,618	4,131,709
PAT / (LAT) from discontinued operations	2,481,879	-	-	-
PAT / (LAT) attributable to equity holders	(3,905,471)	(14,081,052)	3,860,618	4,131,709
Total borrowings	8,578,473	5,345,778	5,526,812	817,046
Paid-up share capital	23,500,800	23,500,800	23,500,800	23,500,800
NA / (NL) / Shareholders' equity (deficit)	11,040,589	(3,040,463)	2,187,026	6,774,359
Number of shares in issue	235,008,000	235,008,000	235,008,000	235,008,000
Gross profit margin (%)	n/a	n/a	81%	71%
Basic EPS / (LPS) (sen)	(2.72)	(5.99)	1.64	1.76
Diluted EPS / (LPS) (sen)	n/a	n/a	n/a	n/a
NA per share (RM)	0.05	(0.01)	0.01	0.03
Current ratio (times)	0.82	0.23	1.43	4.55
Gearing ratio (times)	0.78	n/a	2.53	0.12

Notes:

*Revenue from continuing operations only. Mostera Sdn Bhd (a wholly owned subsidiary) was disposed off in year 2010 while Biosmart Sdn Bhd (a 55% owned subsidiary) was disposed off in year 2011.*

n/a *Not applicable*

FYE 31 December 2010

Our Group achieved revenue of RM2.55 million for the financial year under review, a decrease by approximately 56.9% from RM5.92 million reported in the previous financial year. Our Group reported LAT of RM3.91 million as compared to a LAT of RM9.80 million in the previous financial year. This represents an improvement of LAT of approximately 60.1% which was mainly due to gain on disposal of a subsidiary namely Monstera Sdn Bhd which resulted in a gain of RM2.96 million despite lower sales of horticulture products affected by the financial crisis in the European market and the write-off of inventory amounting to RM2.53 million during the financial year.

FYE 31 December 2011

Our Group achieved revenue of RM0.65 million for the financial year under review, a decrease by approximately 74.6% from RM2.55 million reported in the previous financial year. Our Group reported LAT of RM14.08 million as compared to a LAT of RM3.91 million in the previous financial year.

Since December 2010, our Group has undergone a rationalisation and cost containment exercise as the business environment and trading conditions for our Group's horticulture and ornamental plants business has been challenging in view of the adverse impact of the European financial crisis, tightening control by financial institutions, the volatility in the foreign exchange market and inflationary pressure and slowdown in the growth of major economies. Subsequent to our classification as an affected listed issuer pursuant to the GN3, on 29 April 2011, we underwent an internal reorganisation and rationalisation scheme which was completed on 30 September 2011. The internal reorganisation and rationalisation scheme involved the total cessation of the export of ornamental plants business. The internal restructuring and rationalisation also entailed the closure of the cultivation nursery, transfer of the remaining stocks of ornamental plants from its cultivation nursery under our wholly-owned subsidiary, IPCSB to IPBPOSB, in order for IPCSB to fully focus on provision of project management services.

Nonetheless, the scaling down of our non-profitable business in cultivation of ornamental plants to embark on the business of project management for property development resulted in an additional LAT of approximately RM10.17 million. The large LAT is mainly due to the impairment and inventory write offs as detailed below:

	31.12.2011 RM('000)
Inventories written down to net realisable value	907
Inventories written off	5,253
Provision for impairment loss of mother plants	244
Plantation development expenditure written off	3,885
Property, plant and equipment written off	1,789
	12,078

FYE 31 December 2012

Our Group achieved a revenue of RM7.2 million for the financial year under review. This represents a significant increased as compared to only RM0.6 million revenue reported for previous financial year 2011. The significant increase was mainly due to the diversification of business into project management services whereby we had secured four (4) contracts for project management which significantly contributed to the revenue of our Company. The new business also translated into higher gross profit margin of 81% compared to a gross loss for the previous year due to lower direct costs associated with our project management business. With the higher revenue recorded for the financial year under review, our Group reported a healthy PAT of RM3.86 million as compared to a LAT of RM14.08 million in the previous financial year 2011. The turnaround of our Group for the current financial year was mainly due to the efforts put in by the directors to diversify into project management services business.

FYE 31 December 2013

For the FYE 31 December 2013, the Group achieved unaudited revenue of RM8.6 million as compared to RM7.2 million in the previous corresponding period. The increase in revenue as compared to the previous year corresponding period is mainly due to the higher progress claims from project management services as compared to the previous year corresponding period as the group had undertaken more projects in 2013. Our Group secured four (4) additional contracts during the year.

The gross profit margin decreased from 81% to 71% due to a larger staff force. PAT for the FYE 31 December 2013 is approximately RM4.1 million as compared to RM3.9 million of the previous year corresponding period. The increase in PAT was mainly due to the higher revenue base coupled with lower finance costs due to the decrease in borrowings.

7. HISTORICAL SHARE PRICES

The monthly highest and lowest prices of IDEAL shares as traded on Bursa Securities for the past twelve (12) months are as follows:

	High RM	Low RM
2013		
April	0.050	0.040
May	0.065	0.040
June	0.060	0.050
July	0.060	0.050
August	0.065	0.050
September	0.065	0.055
October	0.065	0.055
November	0.065	0.050
December	0.065	0.055
2014		
January	0.065	0.050
February	0.075	0.060
March	0.090	0.065

The last transacted price of IDEAL shares on 26 April 2012 before the announcement of the Proposals on the same day was RM0.060.

The last transacted price of IDEAL shares on 2 April 2014, being the market day prior to the ex-date of the Rights Issue with Warrants was RM0.080 per Share.

The last transacted price of IDEAL shares on 17 March 2014, being the latest market day prior to the LPD was RM0.070 per Share.

(Source: Bursa Securities)

EXECUTIVE SUMMARY OF THE INDEPENDENT MARKET RESEARCH REPORT ON THE PROJECT MANAGEMENT SERVICES MARKET IN MALAYSIA

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BRAND | FINANCE | MARKET

27 MAR 2014

The Board of Directors
Ideal Sun City Holdings Berhad
No 71, Ideal @ The One,
Jalan Mahsuri, 11950 Bayan Lepas,
Penang, Malaysia

Dear Sirs,

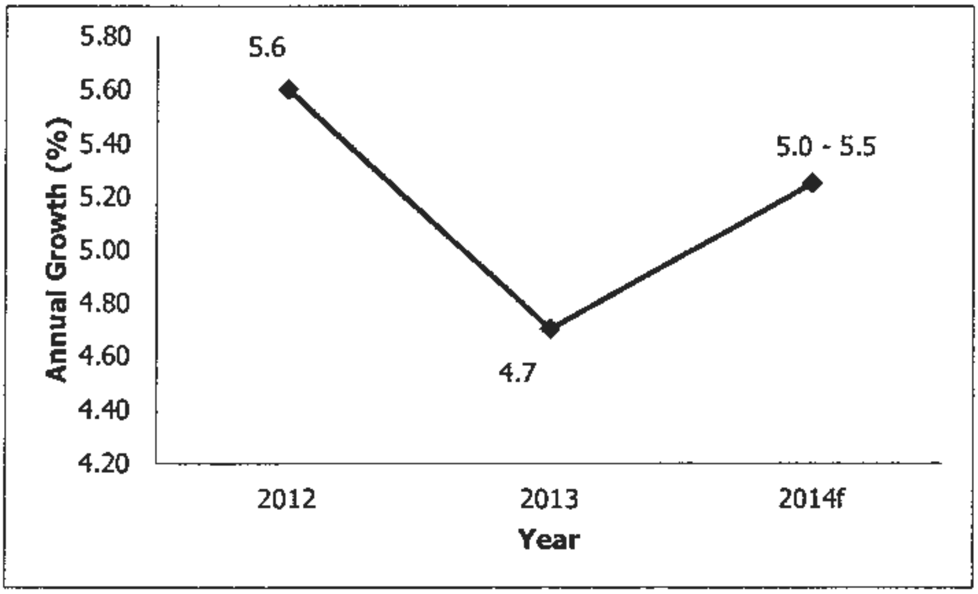
Executive Summary of the Project Management Services Market in Malaysia

This Executive Summary of the 'Strategic Analysis of the Project Management Services Market in Malaysia' is prepared by Protégé Associates Sdn. Bhd. ("Protégé Associates") for inclusion in the Abridged Prospectus to Shareholders of Ideal Sun City Holdings Berhad ("IDEAL") in relation to its proposed regularisation plan.

MALAYSIA ECONOMIC OVERVIEW

The Malaysian economy expanded by 4.7 percent in 2013 which was in line with the growth target of 4.5 percent to 5.0 percent set by the Malaysian Government. The Malaysian economy expanded by 4.1, 4.4, 5.0 and 5.1 percent in the first, second, third and fourth quarter of 2013 respectively on the back of a robust domestic demand and accommodative monetary policy. Figure 1 depicts Malaysia's real Gross Domestic Product ("GDP") at 2005 prices from 2012 to 2014.

Figure 1: Malaysia's Real GDP, 2012-2014



Note: f denotes forecast

Source: Department of Statistics, Malaysia and Ministry of Finance, Malaysia

In terms of growth percentage, the construction sector stood out as a star performer by registering an increase of 9.7 percent in the fourth quarter of 2013. Growth in the sector was mainly supported by the non-residential and residential sub-sectors. The services sector was the next best performing sector in terms of growth, expanding by 6.4 percent in the same quarter. The sector was boosted by domestic demand and improvement in trade and manufacturing activities.

The manufacturing sector registered a stronger growth of 5.1 percent in the fourth quarter of 2013. Better growth in both the export-oriented and domestic-oriented industries helped to drive the expansion in the manufacturing sector. Meanwhile, the mining and quarrying sector contracted by 1.5 percent in the same quarter due to decline in crude oil production amid significant maintenance works during the period. As for the agriculture, forestry and fishery sector, it registered slower growth of 0.2 percent in the fourth quarter of 2013, largely attributed to the decline in rubber as weaker prices caused production to moderate.

Outlook

Despite the positive results revealed in most of Malaysia's key economic indicators for 2013, the Malaysian Government is mindful of the challenging external environment that may affect the growth in the local economy. In the near future, the growth in the Malaysian economy is expected to be anchored again by domestic demand. The Malaysian Government has reiterated its intention to continue focusing on accelerating the national transformation process and supporting growth while improving public finance and ensuring fiscal sustainability. The Malaysian Government has also allocated RM1.6 billion under Budget 2014 for development in the five regional corridors. The Malaysian economy is expected to grow by 5.0 to 5.5 percent in 2014 on the back of expected improving external environment and favourable domestic demand. The private sector is expected to drive the growth momentum in domestic demand. All the key economic sectors in Malaysia are projected to continue expanding in 2014.

DEFINITIONS

Project Management Services

Project management can be referred to as a process, a method, a discipline, a role or the application of tools, skills, knowledge and techniques to complete a certain project, typically relating to property development, construction, engineering, architecture, computing and telecommunications. Project management is about completing projects on time, within budget and to meet a set of specific requirements.

For the purpose of this report, project management services refer to the range of project management services and its related activities provided to complete a property development and/or building construction project. It involves all activities within the project from the initiation, planning, execution, monitoring and closing of the project. Project management services may be provided by architects, quantity surveyors, valuers/agents or those having building/contracting experiences and background.

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MARKET SEGMENTATION

Property development is a multifaceted business, encompassing a range of activities from the redevelopment and renovation of existing land/buildings to the purchase of raw land to be developed into real property. Typically, the prospective property developer purchases a tract of land, determine the marketing of the property, develop the building concept and design, obtain the necessary public approval and financing, build the structure, and lease, manage, and ultimately sell it. And, throughout the entire process, the prospective property developer may, depending on their needs and requirements engage different professionals along each step of the process (Figure 2).

Figure 2: Professionals and Types of Roles/Services in a Typical Property Development Project

Professionals	Roles/ Services
Architect	Building designers who are responsible for the creation of property's design and supervising the construction.
Building Surveyor	Professional consultant that advices on all aspects of property and construction, including costing. Usually engaged for building restoration or re-development to advice on design, construction techniques and legal aspects of building construction.
Building/ General Contractor	The principal contractor that signs the agreement with property owner that oversees and manages the whole construction process which includes labour, procurement and timeline. May contract sub-contractors to perform services that they do not provide.
Engineer	Professional who is responsible of the structural design of the building.
Financial Institution	To provide financial aid for the funding of the property development project in the form of loan or joint investment.
Interior Designer	To design the interior of the property. To be engaged on demand.
Market Consultant	To conduct and produce market research and feasibility study for the property and industry of the project involved.
Planning Consultant	Design development plan and advice on all matters regarding planning, development and environmental issues surrounding the project area and liaises with local planning authority.
Project Manager	Professionals who oversees the entire project from the initiation, planning, execution, monitoring and closing of the project. Project management services may be provided by architects, quantity surveyors, valuers/agents or those having building/contracting experiences and background.

Professionals	Roles/ Services
Property Agent	Assist property owner to lease/ sell the property by earning commission.
Quantity Surveyor	Construction accountant who estimates and manages the cost from property development initiation to completion. He is responsible to minimise cost and enhance value for money while achieving the required standards of quality.
Solicitor/ Lawyer	To liaise with different parties on legal matters such as formal agreements, tenders and contracts.
Sub-Contractor	Undertake contract from building contractor and perform the services that they are contracted to such as wiring, plumbing et cetera.
Supplier	The party who supply the procured materials for the property development project.
Valuer/ Appraiser	Estimates and evaluates the value of property and the factors that may affect the value of the property such as location, crime rates and economic climate.

Source: Protégé Associates

A project manager may be architects, quantity surveyors, valuers/agents or those having building/contracting experiences and background. The project manager oversees the entire project from the initiation, planning, execution, monitoring and closing of the project. Project managers is responsible for accomplishing the stated project objectives and among some of their key accountabilities include creating clear and attainable project objectives, building the project requirements, and managing the various project constraints such as cost, time and scope. The project manager is also often the client's representative and has to determine and implement to their exact needs based on their understanding of the client's requirements.

OVERVIEW OF PROJECT MANAGEMENT SERVICES MARKET

Property development is a process that requires huge financial commitment. The longer and more extensive the process is, the more costly the project will be. In Malaysia, a property developers' success depends on the ability to coordinate the completion of a series of interrelated activities efficiently and at the appropriate time. It is very crucial to have proper management in every stage of the development to reduce the risk of cost and schedule overrun. Therefore the need for project management services is even more profound as the cost of property development in the country continues to rise in tandem with rising cost of land, construction and building materials.

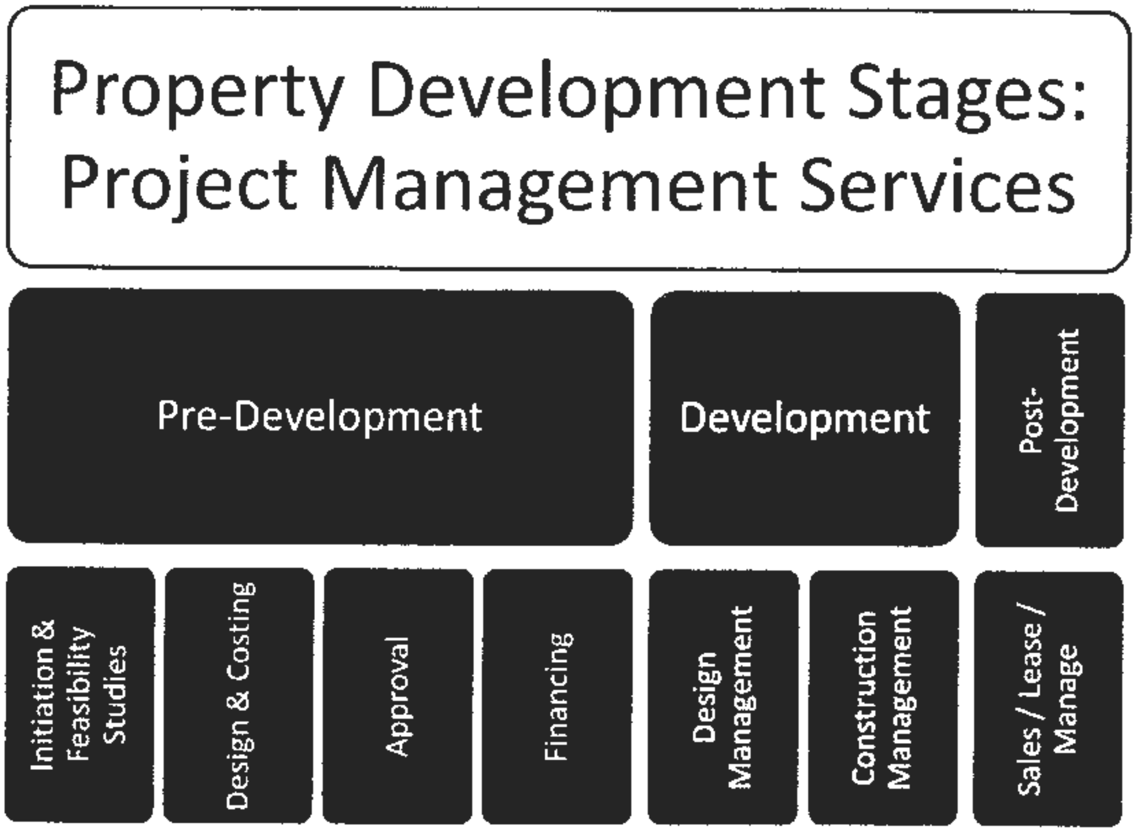
While a large property development company will typically have their own team of experts and resources to carry out the entire project themselves, certain smaller property development companies and/or prospective landowners, entrepreneurs and construction companies may engage specialised, project management services provider to manage the overall property development project.

Traditionally, project managers who may be architects, quantity surveyors, valuers/agents or builders/contractors are engaged to merely project manage during the development stage where actual construction and implementation are carried out. They will receive a fee representing around 2-3 percent of the final building cost, depending on the extent of the role and complexity of the scheme.

However, the developer may also appoint the project manager on the basis of a fee, either fixed or related to the profit of the development. This has given rise to the emergence of external project management services provider who is involved right from the project's inception through completion. They can offer a comprehensive suite of service offerings which is more than what a traditional project manager usually does; they can assist the property developer in the conceptualisation of a project, determining the feasibility, obtaining development approval, delivering the end product and finally, leasing and selling the project on behalf of the client. Project management in this context has a much wider definition and includes the management of the entire development process.

Figure 3 illustrates the three major stages in a property development project and the various activities in which project management services provider may variably be involved in depending on the needs and requirements of the client for the particular project.

Figure 3: General Project Management Services Throughout a Typical Property Development Stages



Source: Protégé Associates

The property management services market is highly dependent on both the property market and construction industry. An expansion in demand for property will spur an increase in property development and construction activities and accordingly, boost demand for project management services. Therefore, an overview of both the property market and construction industry has been provided in the subsequent sections.

OVERVIEW OF PROPERTY MARKET IN MALAYSIA

In line with the expanding Malaysian economy, the Malaysian property market continued to strengthen in 2012 as total transactions worth approximately RM142.84 billion was registered. Despite negative growth of 0.7 percent in volume of transactions, the value of transactions expanded by 3.6 percent. . In 2012, mixed trend in growth was observed across the sub-sectors. Residential properties continued to dominate market activity, accounting for 63.8 percent of total transactions, followed by agricultural (18.9 percent), commercial (9.6 percent), development (5.4 percent) and industrial (2.3 percent).

Residential Property - Residential property accounted for 63.8 percent of the total property transactions volume and 47.4 percent of the total property transactions value in 2012. During that year, there were 272,669 residential property transactions valued at around RM67.76 billion as compared to 269,789 residential property transactions valued at RM61.83 billion in 2011. The stronger economic performance of the country coupled with the buoyant secondary housing market has boosted property sales and transactions.

There were around 4.7 million residential units in Malaysia as at end of 2013 with 698,222 residential units expected to be added to the existing stock and another further 615,851 residential units being planned. Meanwhile, Selangor led all the other states and federal territories in terms of existing stock and incoming supply of residential units.

Shop - Shop is a leading sub-sector in the local property market in terms of transactions volume and value. There were 391,190 shop units in Malaysia as at end of 2013 with 69,029 shop units expected to be added to the existing stock and another further 58,952 shop units being planned. As with residential properties, Selangor has the highest number of existing stock and incoming supply for shop units.

Shopping Complex – The Malaysia's stock of retail space increased to around 12.4 million s.m. in 2013 from 12.1 million s.m. in 2012. Incoming and planned supply recorded a total of over 1.2 million s.m. and 0.4 million s.m. respectively.

Purpose-built Office - The Malaysia property market also witnessed a steady performance from its purpose-built office sub-sector in 2012. The Malaysia's stock of office space in 2013 increased to 18.9 million s.m. from around 18.2 million s.m. in 2012. The occupancy rate for purpose-built office in Malaysia improved from 82.3 percent in 2012 to 82.9 percent in 2013. As at end 2013, over 2.1 million s.m. more office space were expected to be added to the existing office space of 18.9 million s.m. while another 0.5 million s.m. of office space are being planned.

Industrial Property - The industrial property sub-sector is the smallest contributor to the local property market in terms of transactions volume and value. There were an existing stock of 95,212 industrial units in Malaysia as at end 2013, with 9,112 incoming units and 17,093 planned units. Selangor topped the rest in terms of existing stock and incoming supply.

OVERVIEW OF CONSTRUCTION INDUSTRY IN MALAYSIA

The construction industry is an important component within the Malaysia's economy due to its strategic and extensive linkages with the rest of the economy. The construction industry serves as a catalyst for national wealth creation and it has a far reaching multiplier effect on other industries namely manufacturing, financial services and other professional services. The industry further supports social development of the country through the provision of basic infrastructures and employment opportunities. For this reason, the construction industry is deemed as an important engine of growth for the overall economy of the country.

The Malaysian construction industry has been registering growth since 2006 when it turned negative. In 2013, the industry continued to record double-digit growth at 10.6 percent, driven by expansion in residential and non-residential sub-sectors, and implementation of civil engineering projects in improving road accessibility and increasing oil and gas output. Moving forward, the industry is expected to continue to grow amid lower rate of 9.6 percent this year (2014), supported by various Economic Transformation Programme ("ETP") projects specifically the Klang Valley Mass Rapid Transit ("MRT") project and other Entry Point Projects ("EPPs"). The growth in industry is also expected to be underpinned by activities in civil engineering and residential sub-sectors.

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Figure 4: Construction Industry in Malaysia, 2012-2014*

Sector	Change (%)		
Year	2012	2013e	2014f
Construction	18.1	10.6	9.6

Notes:

* *% Change is based on real GDP at 2005 prices*

e denotes estimate

f denotes forecast

Source: Central Bank of Malaysia ("BNM")

The Malaysian Government has already indicated that there is a possibility that major government projects with low multiplier effect may be rescheduled which can slow construction activities if materialised. Nevertheless, projects with a high positive impact on the citizen and low import value are expected to be implemented.

The Malaysian Government has already announced the implementation of various infrastructure projects such as the 316-kilometre West Coast Expressway from Banting to Taiping, the double-tracking projects from Ipoh to Padang Besar and later, from Gemas to Johor Bahru and the upgrading of airports in Kota Kinabalu, Sandakan, Miri, Sibu and Mukah. RM2.9 billion was allocated under the Budget 2014 to upgrade rail tracks nationwide. The projected upcoming infrastructure projects such as the MRT 2 and MRT 3 projects as well as continuing expansion of the existing light rail transit ("LRT") line are also expected to be a growth catalyst for the industry.

Affordable housing has continued to receive close attention from the Malaysian Government. Measures related to affordable housing announced in the Budget 2014 included the allocation of RM1 billion to PR1MA Corporation Malaysia ("PR1MA") to provide 80,000 housing units at 20 percent below market prices as well as the introduction of the Private Affordable Ownership Housing Scheme ("MyHome").

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MARKET DYNAMICS SCORECARD

Figure 5: Market Dynamics Scorecard for Project Management Services Market in Malaysia

Market Dynamics Indicators	Measurement	Trends
2012 Architectural and Engineering Activities and Related Technical Consultancy Market Size (RM billion)	10.6	Increasing
2012 Architectural and Engineering Activities and Related Technical Consultancy Market Size Market Growth Rate (%)	13.6	Increasing
2017 Forecast Architectural and Engineering Activities and Related Technical Consultancy Market Market Size (RM million)	14.3	Increasing
Forecast Period Architectural and Engineering Activities and Related Technical Consultancy Market Size CAGR (2012 – 2017) (%)	6.1	-
Competitive Landscape	Over 3,000 small to large market participants comprising architectural, engineering, quantity surveyors, project management and other related technical consulting firms.	Stable
2013 Demand Conditions	Government-led initiatives and spending along with sustained economic growth and growing interest by landowners to develop their land will continue to underpin demand.	Increasing
2013 Supply Conditions	For strategic purpose and to minimise the risks involved, prospective developers are turning to external project management service providers. And there is a general shortfall of good project management professionals leading to an increase in demand for external project management services provider.	Stable

Source: Protégé Associates

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HISTORICAL MARKET PERFORMANCE AND GROWTH FORECAST

Due to the fluid and diverse nature of the project management services market, the market size of the project management services market is not readily available. As such, the architectural and engineering activities and related technical consultancy market which amongst other includes project management services are used instead to offer an assessment on the market performance of the project management services market.

Protégé Associates forecast that the architectural and engineering activities and related technical consultancy market in Malaysia is worth approximately RM10.6 billion in 2012. The project management services market is projected to grow at a CAGR of 6.1 percent over the period of 2012 to 2017.

Figure 6: Market Size and Growth Forecast for the Architectural and Engineering Activities and Related Technical Consultancy Market in Malaysia, 2010-2017

Year	Market Size (RM billion)	Growth Rate (%)
2010	8.7	-
2011	9.4	8.0
2012	10.6	13.6
2013	11.5	7.7
2014	12.2	6.8
2015	12.8	4.5
2016	13.4	5.0
2017	14.3	6.7

Note:

1) *CAGR (2012-2017): 6.1%*
2) *All figures are rounded; the base year is 2012.*

Source: Protégé Associates

The property management services market is highly dependent on both the property market and construction industry. In the past few years, there has been an increasing demand for project management services in tandem with overall growth seen within the property market and construction industry. Property development and construction activities involve substantial financial commitment and high risk, and this was further exacerbated by rising cost of land, building materials and labour. As such, the demand for project management services has become more profound as prospective developers and construction companies seek to complete their projects within stipulated timeline while at the same time managing cost to stay within allocated budget.

Moving forward, the continued upward trajectory of the market is expected to be driven by a combination of factors such as the government-led initiatives and spending, sustained economic growth to boost spending and investment in properties, growing interest by landowners to develop their land, steady population growth, the strategic need for project management services and lack of good project management professionals. Meanwhile, the outlook for the property market and construction industry remains positive in the near to medium term.

COMPETITIVE LANDSCAPE

The architectural and engineering activities and related technical consultancy market is estimated at approximately RM10.6 billion in 2012, and it provides huge business opportunities to a wide range of market participants. Due to the wide and diversified requirements for project management and its related services, the project management services market is highly competitive and fragmented with over 3,000 small to large market participants comprising architectural, engineering, quantity surveyors, project management and other related technical consulting companies directly serving the project management services market. Aside from these market participants who are direct participants of the project management services market, there are also a number of larger contractors and property developers who may employ their own resources to perform project management services as part of their service offerings as well.

The market participants face different competitions throughout the entire project management process depending on the extent of their involvement and services rendered. Market participants within the project management services market can also work together variably at one stage or another of the project management process to enable to them to provide one-stop solutions as necessitated by project requirements.

IDEAL's Comparison with Selected Market Participants

IDEAL is principally involved in the provision of project management services. Its broad range of value-added project management services can be grouped into three major service categories namely, project design evaluation, value engineering and construction management. IDEAL may be engaged for all three (3) services or for certain selected service category only, depending on the client and project's needs and requirements.

IDEAL reported revenue of RM7.2 million for the cumulative period ended 31 December 2012.

Given the nature of the market, it is difficult to perform a direct or like-for-like comparison on market participants serving the project management services market. Nevertheless, for comparison purpose, a detailed analysis of the respective types of market participant of the project management services market against the service offerings rendered by IDEAL are as detailed in Figure 7 below.

Figure 7: IDEAL's Service Offerings in Comparison to Participants of the Project Management Services Market

Types of Market Participants	General Description	Selected Project Management Services[1]						Identified Market Players and Revenue[2]					
		Design Evaluation		Value Engineering		Construction Management							
Direct Participants		L	E	L	E	L	E	Name	Principal Activity	Financial Year Ended	Revenue (RM)	PBT/ LBT (RM)	PAT/ LAT (RM)
Architectural	- Town planning; including drawing initial concept scheme and completing detailed town planning drawings for submission - Preparing comprehensive working drawings and coordinating necessary consultants such as geotechnical, structural and civil engineers - In certain instances, may also perform project manager's role	✓	✓	✓	✓	-	-	ATSA Architects Sdn Bhd	Provision of architectural and other related services	31 December 2011	11,281,008	491,250	328,245
								PDI Design & Associates Sdn Bhd	Interior designing, construction and investment holding	31 December 2011	12,098,577	(202,179)	(222,779)
								RSP Architects Sdn Bhd	Architecture consultancy services	31 December 2012	38,325,563	20,704,474	15,182,526
Engineering	- Civil & structural engineer; design the structural elements of the building - M&E engineer; design systems within the building that control the internal environment - In certain instances, may also perform project manager's role	-	✓	✓	✓	✓	✓	Cvist Group Consultants Sdn Bhd	Civil and structural engineering consultants.	31 March 2012	2,355,816	464,977	351,424
								Jurutera Sinarunding Aidil Sdn Bhd	Providing engineering consultancy services	31 December 2012	3,546,553	205,780	144,808
								Uniti Consultants Sdn Bhd	Engineering and project management consultant	31 December 2012	2,988,745	(6,250)	(38,553)

Types of Market Participants	General Description	Selected Project Management Services[1]						Identified Market Players and Revenue[2]					
		Design Evaluation		Value Engineering		Construction Management							
Direct Participants		L	E	L	E	L	E	Name	Principal Activity	Financial Year Ended	Revenue (RM)	PBT/ LBT (RM)	PAT/ LAT (RM)
Quantity Surveyors	- Perform feasibility/feasibility studies, cost estimates, project financial planning & control, and preparing and managing contracts, etc. - In certain instances, may perform administration of building contract and supervision of construction process.	-	✓	-	✓	-	✓	Jurukur Bahan Pendita Sdn Bhd	Quantity surveyor consultant	31 December 2012	2,227,762	72,022	35,891
								MCM Associates Sdn Bhd	Quantity surveying services, project management and construction cost consultant	31 December 2011	1,112,987	117,270	85,531
								Perunding Kos T & K Sdn Bhd	Quantity surveyor, building economist, building cost surveyor and construction cost consultant	31 October 2012	4,729,212	34,582	(18,742)
Project Management	- Oversees the entire project from the initiation, planning, execution, monitoring and closing of the project - Managing project constraints including cost,	-	-	✓	✓	✓	✓	Lend Lease Projects (M) Sdn Bhd	Provision of project/ construction management services and construction works	30 June 2012	32,065,677	3,063,304	2,258,612

Types of Market Participants	General Description	Selected Project Management Services[1]						Identified Market Players and Revenue[2]					
		Design Evaluation		Value Engineering		Construction Management							
Direct Participants		L	E	L	E	L	E	Name	Principal Activity	Financial Year Ended	Revenue (RM)	PBT/ LBT (RM)	PAT/ LAT (RM)
	time and scope of work in line with project objectives - Manage construction process on behalf of client							Opus Group Berhad	Asset development and asset management services, road infrastructure and other related work, and civil and building related work	31 December 2012	1,141,348,000	105,122,000	79,401,000
								Seriseti Sdn Bhd	Engaged in project and property management services and property trading activities	30 June 2012	213,177	62,361	59,732
								Techart PMC Sdn Bhd	Management of building construction.	31 December 2012	13,423,357	99,241	66,771
								Tetap Perkasa Sdn Bhd	Management of building construction	31 December 2012	598,233	(82,582)	(83,063)
	IDEAL	✓	✓	✓	✓	✓	✓	**RM7,202,163 for the cumulative period ended 31 December 2012.**				**3,911,618**	**3,860,618**

Types of Market Participants	General Description	Selected Project Management Services[1]						Identified Market Player and Revenue[2]
		Design Evaluation		Value Engineering		Construction Management		
Indirect Participants – Performed and Offered as Part of Service Offerings		L	E	L	E	L	E	
Contractors	- Undertakes and oversees entire construction phase and activities - In certain instances, may also perform project manager's role - Depending on the size of its operation, and availability of expertise, may perform all three project management services	-	-	✓	✓	✓	✓	Construction companies including, but not limited to: **ARK Resources Berhad** - Financial year ended 31 December 2012 Group revenue: RM12,832,540 Group PBT: RM91,736 Group PAT: RM91,736 **Ibraco Berhad** - Financial year ended 31 December 2012 Group revenue: RM122,339,695 Group PBT: RM18,949,302 Group PAT: RM14,106,812 **Melati Ehsan Holdings Berhad** - Financial year ended 31 August 2013 Group revenue: RM226,234,860 Group PBT: RM16,754,786 Group PAT: RM12,303,965
Property Developers	- Initiate and undertake the entire development scheme - Mainly act as client to all respective professionals involved in the property development process	✓	✓	✓	✓	✓	✓	Property development companies including, but not limited to: **BCB Berhad** - Financial year ended 30 June 2013 Group revenue: RM164,578,865 (RM686,546 from project management services) Group PBT: RM20,924,217

Types of Market Participants	General Description	Selected Project Management Services[1]						Identified Market Player and Revenue[2]
		Design Evaluation		Value Engineering		Construction Management		
Indirect Participants – Performed and Offered as Part of Service Offerings		L	E	L	E	L	E	
	- May undertake construction activities if it has the necessary expertise or have a contracting division as a subsidiary company with an entirely separate profit-making entity.							Group PAT: RM16,101,538 **Damansara Realty Berhad** - Financial year ended 31 December 2012 Group revenue: RM197,179,000 (RM63,849,000 from project management fees) Group PBT: RM5,780,000 Group PAT: RM1,969,000 **Mafton Berhad** - Financial year ended 30 June 2013 Group revenue: RM359,179,000 (RM194,799,000 from construction and project management) Group PBT: RM50,153,000 Group PAT: RM35,387,000

Legend:

L *Lead in the provision of the service*

E *Execute and/or participate as a member*

Note:

1 *This is a general analysis based on the respective types of market participants and does not represent the actual service offerings offered by any individual companies*

2 *These market players are randomly identified and generally grouped into the respective types of market participants for comparison purpose only. This does not constitute and is not limited to the actual quantity of market players within the project management services market.*

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Source: Companies Commission Malaysia, Companies' Annual Reports and Protégé Associates

DEMAND AND SUPPLY CONDITIONS

Demand and supply conditions refer to market factors that can positively or negatively affect future market size and growth by specifically altering demand or supply dynamics. These demand and supply factors can include trends, key developments or events that spur market expansion, leading to increases in sales or revenues, or developments that negatively affect market growth.

Figure 8: Demand and Supply Conditions Affecting the Project Management Services Market in Malaysia, 2013

Condition	Type	Impact
Government Led Initiatives and Spending	Demand	+
Sustained Economic Growth to Boost Spending and Investment in Properties	Demand	+
Growing Interest by Landowners to Develop their Land	Demand	+
Steady Population Growth	Demand	+
Property Overhang	Demand	-
Compelling Business Case for Project Management Services	Supply	+
Lack of Good Project Management Professionals	Supply	+

Source: Protégé Associates

BARRIERS TO ENTRY

- **Established Track Record and Reputation –** Property development involves high risks and requires substantial financial commitment from the prospective developer hence, the selection of project management services are critical and one of the key consideration lies with the project management services provider's track record and reputation. Without the necessary track record and reputation, the prospective market entrant would face a daunting challenge in proving itself and attracting new clients.
- **Client Base and Relationship –** Having an established client base and relationship is a very important element for success in the project management services market. Trust is a crucial factor, as they often involve the exchange of sensitive and confidential business information. As such, prospective developers would want to work with project management services provider that have an established client base and relationship to ensure successful delivery of projects on a timely and effective manner. In addition, the tight deadlines that are

often imposed also warrant the need for a trustworthy project management services provider who can deliver promptly and effectively. Once a meaningful and strong business relationship has been established, new market entrants will find it difficult to break into such a relationship.

- **Industrial Expertise and Management** – A strong project management team is crucial in order to succeed in the industry, and the experience and expertise required of the team are diverse and time consuming to develop. In general, the project management services market works on very tight timeframes, as numerous parties such as architects, quantity surveyors, contractors, etc. have to be coordinated, and activities have to be performed as scheduled. As a result, the market places high value on efficiency, reliability and quick delivery turnaround. The personnel involved need to be familiar with both the property market and construction industry – they will have to be flexible and comfortable working within a fast-paced and demanding environment, while being up to date with industry trends/standards and having the right industry contacts.

SUBSTITUTE PRODUCT OR SERVICES

There are no direct substitutes to the project management services as it refers to a form of services serving both the property development and construction activities. There is however a considerable degree of substitutability within project management services itself due to the variable forms and compositions of services in which the provider can extend to its clients. Project management services may be provided by architects, quantity surveyors, valuers/agents or those having building/contracting experiences and background.

VULNERABILITY AND RELIANCE ON IMPORTS

Project management services are offered by both local as well as foreign-based market participants. Although there may be demand for imported talents or services from outside the country for certain specific projects, there are however no dependencies on imported talents or services under normal circumstances.

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GOVERNMENT REGULATIONS

There are no specific regulations or law governing the project management services market in Malaysia, likewise for incentives. However, there are regulations governing property development activities.

Property Development

Before any construction-related development and work can be carried out, the constructions, suppliers and developers must register themselves with the related government agencies, equipped with the relevant licenses and permits. Property developers are required to apply from the Ministry of Housing and Local Government for developer's license, advertising permit and Sales and Purchase Agreement ("S&P"). The property development industry in Malaysia is governed by the following government regulations as below:

- **Land Acquisition Act 1960** - To govern matter relating to acquisition of land, the assessment of compensation to be made on account of such acquisition, and other matters incidental thereto.
- **Town and Country Planning Act 1976** - To govern proper control and regulations of town and country planning in Peninsular Malaysia and for the purposes connected therewith.
- **Street, Drainage and Building Act 1974** - To amend and consolidate the laws relating to street, drainage and building in local authority areas in Peninsular Malaysia, and for purposes connected therewith. This includes street lightings, name of streets and sky-signs.

Professionals

Apart from regulations governing the property development activities, professionals who operate and participate in the process of property development are required to gain certain licenses and permits as required by the relevant government acts. The law governing the respective professionals involved in the property development processes are as detailed below:

- **Consulting Quantity Surveyor** - The Quantity Surveyor Act 1967, under the Law of Malaysia Act 487, requires all practising consulting quantity surveyor to be registered with the Board of Quantity Surveyors Malaysia ("BQSM"). BQSM is responsible to register and regulate the practise of Quantity Surveyor in Malaysia and to issue practising permit to consulting quantity surveyor which can be in the form of Sole Proprietorship, Partnership, Body Corporate or Multi-Disciplinary Practice.

- **Architects, Building Draughtsmen, Interior Designers** - All these three types of professions are governed under the Architects Act 1967 by Board of Architects Malaysia ("LAM"). LAM is a statutory authority responsible in enforcing and regulating the code of conduct and ethic under the Architects Act 1967; and registration of architects, sole proprietorships, partnerships and bodies corporate providing architectural consultancy services, interior designers and building draughtsmen govern by the same Act.
- **Engineers** - The Board of Engineers Malaysia ("BEM") is the statutory body that facilitates the registration of engineers and regulate the professional conduct and practise of registered engineers under the Registration of Engineers Act 1976; which governs the registration of engineers, and sole proprietorships, partnerships and bodies corporate providing professional engineering services and for purposes connected therewith.
- **Valuers, Appraisers and Estate Agents** - The Board of Valuers, Appraisers and Estate Agents Malaysia is responsible to register and regulate the code of conducts and ethics of valuers, appraisers and estate agents practising in Malaysia according to the governance of Valuers, Appraisers and Estate Agents Act 1981.

Others

Build-then-sell ("BTS") Concept to be Implemented by 2015 - In order to reduce the number of project abandonment by property developers which leaves buyers with loan to pay without shelter, government has proposed to implement the BTS concept to be implemented by 2015. The BTS concept will require property buyer to pay a down payment of 10 percent and their property loan will only start after the completion of the property development. This condition exposes the developers to high financial risk, because the loan will be bore by the developers defying the traditional funding by the home buyers. The expected implementation of the BTS concept come 2015 has given rise to many uncertainties with no clear directions noticeable at least until nearer to its implementation date.

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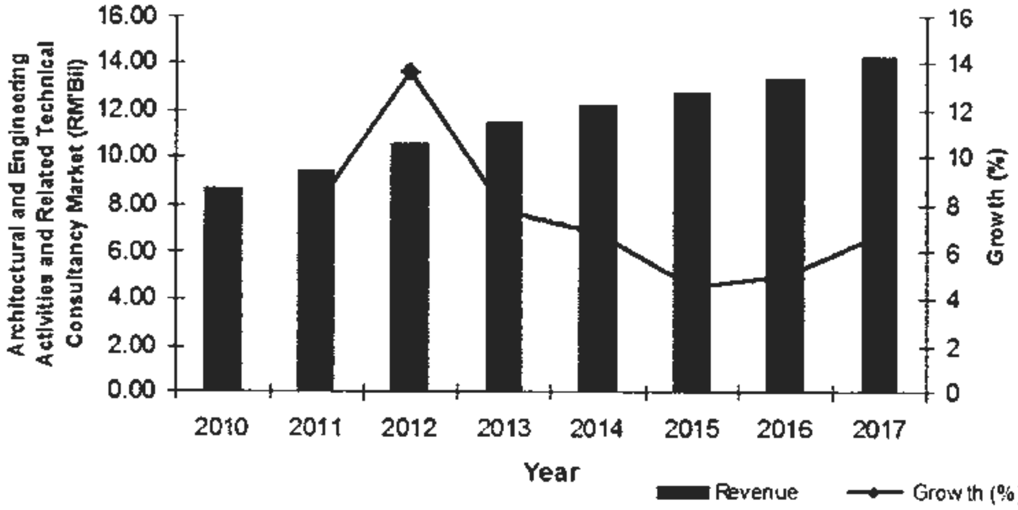
MARKET PROSPECTS AND OUTLOOK

The outlook for the project management services market in tandem with the architectural and engineering activities and other related technical consultancy market remains positive for the immediate term, and steady growth is projected throughout the period of 2013 to 2017. In 2012, the architectural and engineering activities and related technical consultancy market in Malaysia was estimated to be worth approximately RM10.6 billion and it is expected to grow at a CAGR of 6.1 percent over the period of 2012 to 2017.

Figure 9: Market Size and Growth Forecast for the Architectural and Engineering Activities and Related Technical Consultancy Market in Malaysia, 2010 - 2017



Source: Protégé Associates

Property development is a process that requires huge financial commitment. The longer and more extensive the process is, the more costly the project will be. In Malaysia, a property developers' success depends on the ability to coordinate the completion of a series of interrelated activities efficiently and at the appropriate time. It is very crucial to have proper management in every stage of the development to reduce the risk of cost and schedule overrun. Therefore the need for project management services is even more profound as the cost of property development in the country continues to rise in tandem with rising cost of land, construction and building materials.

Property management service providers can be engaged on a project basis to ensure the project is completed on time, within cost and budget, in accordance with quality and design requirements, and in compliance with relevant laws and regulations. The project management services provider owing to their constant and numerous exposures to various types of development projects would also put them in the best position to offer and share their expertise, giving comfort to the relatively inexperienced prospective developers.

However, the increase in real estate value and boom in number of projects has led to a general shortfall of good project management professionals. And only large property development companies can afford to have their own team of experts and resources to carry out the entire project themselves. Therefore, the demand for project management services are expected to grow as smaller property development companies and/or prospective landowners, entrepreneurs and construction companies turn to them to manage and ensure the overall success of their property development project.

Moving forward, the continued upward trajectory of the market is expected to be driven by a combination of factors such as the government-led initiatives and spending, sustained economic growth to boost spending and investment in properties, growing interest by landowners to develop their land, steady population growth, the strategic need for project management services and lack of good project management professionals.

Meanwhile, the outlook for the property market and construction industry remains positive in the near to medium term.

Prospects and Outlook of the Property Market

The outlook for the property market remains positive in tandem with the expanding Malaysian economy. Malaysia's real GDP is expected to grow by 5.0 to 5.5 percent in 2014. During good economic periods, the general population can expect better access to more job opportunities and salary growth, and this will accordingly provide them with greater propensity to purchase, upgrade or invest in properties. An expansion in demand for property will spur an increase in property development and construction activities and accordingly, boost demand for project management services.

Prospects and Outlook of the Construction Industry

The demand for project management services is also dependent on the construction industry, and its outlook is encouraging in light of favourable growth seen for the construction industry moving forward. The country's on-going economic expansion and improving consumer sentiment coupled with attractive financing packages and affordable interest rates would continue to underpin demand for properties and accordingly, boost construction activities and the consequent demand for project management services.

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Protégé Associates has prepared this report in an independent and objective manner and has taken adequate care to ensure the accuracy and completeness of the report. We believe that this report presents a true and fair view of the industry within the boundaries and limitations of secondary statistics, primary research and continued industry movements. Our research has been conducted to present a view of the overall industry and may not necessarily reflect the performance of individual companies in this industry. We are not responsible for the decisions and/ or actions of the readers of this report. This report should also not be considered as a recommendation to buy or not to buy the shares of any company or companies.

Thank you.

Yours sincerely,

TAN CHIN HOW
Director
Protégé Associates Sdn. Bhd.

APPENDIX V

PROFORMA CONSOLIDATED STATEMENT OF FINANCIAL POSITION OF OUR GROUP AS AT 31 DECEMBER 2012 TOGETHER WITH THE NOTES AND REPORTING ACCOUNTANTS' LETTER THEREON

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Date: 14 February 2014

The Board of Directors
IDEAL SUN CITY HOLDINGS BERHAD
No. 71-2, Ideal @ The One
Jalan Mahsuri, Bayan Lepas
11950 Pulau Pinang

Dear Sir/Madam,

IDEAL SUN CITY HOLDINGS BERHAD ("IDEAL or the Company")
PROFORMA CONSOLIDATED STATEMENTS OF FINANCIAL POSITION AS AT 31 DECEMBER 2012

We have reviewed the Proforma Consolidated Statements of Financial Position of Ideal Sun City Holdings Berhad as at 31 December 2012 together with the accompanying notes thereto, for which the Board of Directors ("Board") of IDEAL are solely responsible, as set out in the accompanying statements (which we have stamped for the purpose of identification) prepared for inclusion in the Abridged Prospectus of IDEAL ("Abridged Prospectus") to the Shareholders of IDEAL in relation to the following Regularisation Scheme (as defined herein) ("PRS"):

(a) Share premium cancellation of RM22,026,619 pursuant to Section 64(1) of the Companies Act, 1965 and cancellation of RM0.09 from each and every existing ordinary share of RM0.10 each in IDEAL ("IDEAL Shares") and thereafter, the consolidation of the resultant issued and paid-up share capital of IDEAL, such that every ten (10) ordinary shares of RM0.01 each shall be consolidated back into one (1) IDEAL Share (collectively, the "Balance Sheet Reconstruction");

(b) Renounceable rights issue of 94,003,200 new IDEAL Shares ("Rights Shares") together with 47,001,600 free detachable warrants ("Rights Warrants") at an issue price of RM0.10 per Rights Share on the basis of four (4) Rights Shares for every one (1) IDEAL Share held together with one (1) Rights Warrant for every two (2) Rights Shares subscribed after the Balance Sheet Reconstruction ("Rights Issue with Warrants");

(c) Exemption under Paragraph 16.1 of Practice Note 9 of the Malaysian Code On Take-Overs And Mergers 2010 to Ideal Sun City Sdn Bhd and persons acting in concert with it, namely Dato' Ooi Kee Liang and Datin Phor Li Wei, from the obligation to undertake a mandatory offer for all the remaining IDEAL Shares not already held by them upon completion of the Rights Issue with Warrants ("Exemption"); and

(d) Issuance of 24,000,000 new IDEAL Shares ("Placement Shares") together with 12,000,000 free detachable warrants ("Placement Warrants") after the completion of the Rights Issue with Warrants on the basis of one (1) Placement Warrant for every two (2) Placement Shares subscribed, to investors to be identified, at an issue price of RM0.10 per Placement Share ("Placement with Warrants").

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Responsibilities

It is the responsibility of the Board of IDEAL to prepare the Proforma Consolidated Statements of Financial Position in accordance with the requirements of the Prospectus Guidelines issued by the Securities Commission ("Prospectus Guidelines").

It is our responsibility to form an opinion, as to the proper compilation of the Proforma Consolidated Statements of Financial Position and to report that opinion to you.

In providing this opinion, we are not responsible in updating or refreshing any reports or opinions previously made by us on any financial information used in the compilation of the Proforma Consolidated Statements of Financial Position, nor do we accept responsibility for such reports or opinions beyond that owed to those to whom those reports or opinion were addressed by us at the dates of their issue.

Basis of opinion

We conducted our work in accordance with the Malaysian Approved Standard on Assurance Engagements, ISAE 3000: Assurance Engagement Other Than Audits or Review of Historical Financial Information. The work that we performed for the purpose of making this letter, which involved no independent examination of any of the underlying financial information, consisted primarily of comparing the unadjusted financial information to the source documents, considering the evidence supporting the adjustments and discussing the Proforma Consolidated Statements of Financial Position with the Board and responsible officers of IDEAL.

We planned and performed our work so as to obtain the information and explanation we considered necessary in order provide us with reasonable assurance that the Proforma Consolidated Statements of Financial Statements prepared in accordance with Malaysian Financial Reporting Standards in Malaysia, and in a manner consistent with both the format of the consolidated statement of financial position and the accounting policies of IDEAL. Our work also involves assessing whether the adjustments made to the information used in the preparation of the Proforma Consolidated Statements of Financial Position are appropriate for the purpose of preparing the Proforma Consolidated Statements of Financial Position.

Opinion

In our opinion, the Proforma Consolidated Statements of Financial Position of IDEAL as at 31 December 2012, which have been prepared by the Directors of IDEAL for illustrative purposes only:

(i) have been properly prepared on the bases set out in the accompanying notes to the Proforma Consolidated Statements of Financial Position and accounting policies adopted by IDEAL in the preparation of its audited financial statements for financial year ended 31 December 2012; and

(ii) the Proforma Consolidated Statement of Financial Position have been properly prepared using financial statements prepared in accordance with Malaysian Financial Reporting Standards in Malaysia and in a manner consistent with both the format of the financial statements and the accounting policies adopted by IDEAL; and

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Other matters

This report has been prepared for the information of the Board for the purpose of inclusion in the Abridge Prospectus. As such, this report is not to be reproduced to in any other documens or used for any other purpose without our prior written consent.

Yours faithfully,

UHY
AF 1411
Chartered Accountants

Company No. 640850-U

IDEAL SUN CITY HOLDINGS BERHAD ("IDEAL")
PROFORMA CONSOLIDATED STATEMENTS OF FINANCIAL POSITION AS AT 31 DECEMBER 2012

	Note	Audited 31-Dec-12 RM	Proforma I After Disposal 31-Dec-12 RM	Proforma II After (I) and Share Premium Cancellation 31-Dec-12 RM	Proforma III After (II) and Par Value Reduction and Share Consolidation 31-Dec-12 RM	Proforma IV After (III) and Rights Issue with Warrants 31-Dec-12 RM	Proforma V After (IV) and Placement with Warrants 31-Dec-12 RM	Proforma VI After (V) and Utilisation of Proceeds 31-Dec-12 RM	Proforma VII After (VI) and Full Exercise of Rights Warrants and Placement Warrants 31-Dec-12 RM
Non-Current Assets									
Property, plant and equipment	1	4,833,437	12,437	12,437	12,437	12,437	12,437	12,437	12,437
		4,833,437	12,437	12,437	12,437	12,437	12,437	12,437	12,437
Current Assets									
Inventories		617,010	617,010	617,010	617,010	617,010	617,010	617,010	617,010
Trade receivables		1,914,381	1,914,381	1,914,381	1,914,381	1,914,381	1,914,381	1,914,381	1,914,381
Non-trade receivables		38,254	38,254	38,254	38,254	38,254	38,254	38,254	38,254
Other financial asset		1,302,586	1,302,586	1,302,586	1,302,586	1,302,586	1,302,586	1,302,586	1,302,586
Tax recoverables		1,700	1,700	1,700	1,700	1,700	1,700	1,700	1,700
Short-term deposit with licensed banks		1,460,000	1,460,000	1,460,000	1,460,000	1,460,000	1,460,000	1,460,000	1,460,000
Cash and bank balances	2	86,172	182,406	182,406	182,406	9,582,726	11,982,726	10,165,680	16,065,840
		5,420,103	5,516,337	5,516,337	5,516,337	14,916,657	17,316,657	15,499,611	21,399,771
TOTAL ASSETS		10,253,540	5,528,774	5,528,774	5,528,774	14,929,094	17,329,094	15,512,048	21,412,208
EQUITY AND LIABILITIES									
Equity attributable to owners									
Share capital	3	23,500,800	23,500,800	23,500,800	2,350,080	11,750,400	14,150,400	14,150,400	20,050,560
Share premium	3	22,026,619	22,026,619	-	-	-	-	-	-
Revaluation reserve		1,366,871	-	-	-	-	-	-	-
Discount on shares		-	-	-	-	(1,880,064)	(2,360,064)	(2,360,064)	-
Warrant reserve		-	-	-	-	1,880,064	2,360,064	2,360,064	-
Accumulated losses	3	(44,707,264)	(42,899,769)	(20,873,150)	277,570	277,570	277,570	(722,430)	(722,430)
TOTAL EQUITY		2,187,026	2,627,650	2,627,650	2,627,650	12,027,970	14,427,970	13,427,970	19,328,130
Non-current liabilities									
Deferred tax liabilities		455,624	-	-	-	-	-	-	-
Borrowings	4	3,819,431	-	-	-	-	-	-	-
		4,275,055	-	-	-	-	-	-	-
Current Liabilities									
Trade payables		510,330	510,330	510,330	510,330	510,330	510,330	510,330	510,330
Non-trade payables		1,522,748	1,522,748	1,522,748	1,522,748	1,522,748	1,522,748	1,522,748	1,522,748
Tax payables		51,000	51,000	51,000	51,000	51,000	51,000	51,000	51,000
Hire purchase payables	5	817,046	817,046	817,046	817,046	817,046	817,046	-	-
Borrowings	4	890,335	-	-	-	-	-	-	-
		3,791,459	2,901,124	2,901,124	2,901,124	2,901,124	2,901,124	2,084,078	2,084,078
TOTAL LIABILITIES		8,066,514	2,901,124	2,901,124	2,901,124	2,901,124	2,901,124	2,084,078	2,084,078
TOTAL EQUITY AND LIABILITIES		10,253,540	5,528,774	5,528,774	5,528,774	14,929,094	17,329,094	15,512,048	21,412,208
Total number of ordinary shares		235,008,000	235,008,000	235,008,000	23,500,800	117,504,000	141,504,000	141,504,000	200,505,600
Net assets		2,187,026	2,627,650	2,627,650	2,627,650	12,027,970	14,427,970	13,427,970	19,328,130
Total borrowings		5,526,812	817,046	817,046	817,046	817,046	817,046	-	-
Gearing ratio		2.53	0.31	0.31	0.31	0.07	0.06	-	-

IDEAL SUN CITY HOLDINGS BERHAD ("IDEAL")
PROFORMA CONSOLIDATED STATEMENTS OF FINANCIAL POSITION AS AT 31 DECEMBER 2012

(I) BASIS OF PREPARATION

The Proforma Consolidated Statements of Financial Position have been prepared for illustrative purposes only based on the audited consolidated statements of financial position of IDEAL as at 31 December 2012, to provide information about how the consolidated statements of financial position of IDEAL as at 31 December 2012 might be affected if the Regularisation Scheme ("PRS") is completed as at 31 December 2012.

The audit report on the audited financial statements of IDEAL and its subsidiaries for the financial year ended 31 December 2012, on which the Proforma Consolidated Statements of Financial Position are based, was unmodified with an emphasis of matter on going concern.

The Proforma Consolidated Statements of Financial Position have been prepared based on accounting policies and bases consistent with those adopted in the preparation of the audited consolidated financial statements of IDEAL.

(II) BASES AND ASSUMPTIONS

Proforma I Disposal

Proforma I incorporates the effects of disposal of 2 parcels of leasehold land within Taman Teknologi Johor, Senai, Johor, under Lot Nos. PTD 87654 and PTD 87663, Title Nos. HS(D) 50239 and HS(D) 50240 respectively, all in Mukim of Senai, district of Kulaijaya, Johor ('Master Ttile") to Drilmaco Sdn Bhd, for a total cash consideration of approximately RM4.9 million.

A summary of the effects of the Disposal of IDEAL is as follow:

	RM
Audited accumulated losses as at 31 December 2012	**(44,707,264)**
Proceed from disposal leasehold land	4,906,000
Net carrying amount of leasahold land	(4,821,000)
Other cost- Legal and professional fees	(100,000)
Loss from disposal leasehold land	(15,000)
Transfer of revalaution surplus upon disposal of leasahold land	1,366,871
Transfer from deferred tax liabilities	455,624
Other comprehensive income	1,822,495
Loss from disposal and other comprehensive income	1,807,495
Total	**(42,899,769)**

Utilisation of proceeds from Disposal

The breakdown of the utilisation of proceeds from the Disposal is as follow:

	RM
a) Repayment of the outstanding amount for the term loan facility (as defined below)	4,709,766
b) Expenses in relations to the Disposal	100,000
c) General working capital expenditure	96,234
Total	**4,906,000**

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CHARTERED ACCOUNTANTS
(AF1411)

Company No. 640850-U

IDEAL SUN CITY HOLDINGS BERHAD ("IDEAL")
NOTES TO THE PROFORMA CONSOLIDATED STATEMENTS OF FINANCIAL POSITION AS AT 31 DECEMBER 2012

(II) BASES AND ASSUMPTIONS (continued)

Proforma I Disposal (continued)

a) IDEAL intend to utilise approximately RM4.7 million of the total cash proceeds from the Disposal for the repayment of bank borrowings, which was contained from RHB Bank Berhad ("Term loan facility"). The Term loan facility was originally due on 23 November 2008, after which Ideal Property Concept Sdn Bhd ("IPCSB") had defaulted, and was subsequently renegotiated into a new term loan to be repaid by monthly installment from 30 September 2012 to 31 August 2017. The amount outstanding under the Term loan facility as at 31 December 2012 is RM4.7 million. The repayment of the Term loan facility is required pursuant to the Sales and Purchase Agreement as part of the payment for the Disposal Consideration.

b) Comprises fees payable to the authorities, adviser, Valuer, solicitors, printing of circular and other related expenses in relation to the Disposal.

c) Comprises day-to-day operations related expenses, which include amongst others, general operating expenses, repayment of trade creditors and payment of wages.

Proforma II Share Premium Cancellation

The Share Premium Cancellation of RM22,026,619 to reduce the accumulated losses of IDEAL.

Proforma III Par Value Reduction and Share Consolidation

The cancellation of RM0.09 from every existing ordinary share of RM0.10 each in IDEAL and thereafter, the consolidation of the resultant issued and paid-up share capital of IDEAL such that every ten (10) ordinary shares of RM0.01 each shall be consolidated back into one (1) IDEAL Share.

The effect of Proforma I, II and III on the accumulated losses of IDEAL is as follows:

	RM
Audited accumulated losses as at 31 December 2012	**(44,707,264)**
Loss from disposal of leasehold land	(15,000)
Other comprehensive income arsing from disposal of leasehold land	1,822,495
Credit arising from Share Premium Cancellation	22,026,619
Credit arising from Par Value Reduction	21,150,720
Total	**277,570**

A summary of the effects of the Par Value Reduction and Share Consolidation on the issued and paid-up share capital of IDEAL is shown in the following table:

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UHY CHARTERED ACCOUNTANTS (AF 1411)

IDEAL SUN CITY HOLDINGS BERHAD ("IDEAL")
NOTES TO THE PROFORMA CONSOLIDATED STATEMENTS OF FINANCIAL POSITION AS AT 31 DECEMBER 2012

(II) BASES AND ASSUMPTIONS (continued)

Proforma III Par Value Reduction and Share Consolidation (continued)

	Value RM
Existing issued and paid-up share capital as at 31 December 2012	23,500,800
After Capital Reduction	2,350,080
After Share Consolidation	2,350,080

Proforma IV Rights Issue with Warrants

Proforma IV incorporates the effects of Proforma III and the rights issue of 94,003,200 new IDEAL Shares together with 47,001,600 free detachable warrants at an issue price of RM0.10 per Rights Share on the basis of four (4) Rights Shares for every one (1) IDEAL Share held together with one (1) Rights Warrant for every two (2) Rights Shares held after the Balance Sheet Reconstruction.

A summary of the effects of the Rights Issue with Warrants on the issued and paid-up share capital of IDEAL is shown in the following table:

	RM
After Proforma I, II and III	2,350,080
Rights Issue with Warrants	9,400,320
After Rights Issue	11,750,400

The fair value of the Warrants is estimated at RM 0.04 per warrant based on the following assumptions:

Option Value	RM 0.04
Valuation Model	Black-Scholes
Volatility	135.29%
Strike Price	RM0.10
Date of Valuation	12-Sep-12

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UHY CHARTERED ACCOUNTANTS (AF1411)

IDEAL SUN CITY HOLDINGS BERHAD ("IDEAL")
NOTES TO THE PROFORMA CONSOLIDATED STATEMENTS OF FINANCIAL POSITION AS AT 31 DECEMBER 2012

(II) BASES AND ASSUMPTIONS (continued)

Proforma V Placement with Warrants

Proforma V incorporates the effects of Proforma III and the placement of 24,000,000 Placement Shares at an issue price of RM0.10 per share together with 12,000,000 Placement Warrants.

A summary of the effects of the Placement with Warrants on the issued and paid-up share capital of IDEAL is shown in the following table:

	RM
After Proforma I, II, III and IV	11,750,400
Placement with Warrants	2,400,000
After Placement	14,150,400

Proforma VI Utilisation of Proceeds

Proforma VI incorporates the effects of Proforma V and the Utilisation of Proceeds as follows:

	RM
Working capital	4,954,574
To fund future projects/ ventures	5,028,700
Repayment of hire purchase creditors	817,046
Expenses for the Regularisation Scheme	1,000,000
	11,800,320

Proforma VII After Full Exercise of the Rights Warrants and Placement Warrants

Proforma VII incorporates the effects of Proforma VI and the effects of the full exercise of Rights Warrants and Placement Warrants at an exercise price of RM0.10 per warrant.

A summary of the effects of the Full Exercise of the Rights Warrants and Placement Warrants on the issued and paid-up share capital of IDEAL is shown in the following table:

	RM
After Proforma I, II, III, IV, V and VI	14,150,400
Full Exercise of Rights Warrants	4,700,160
Full Exercise of Placement Warrants	1,200,000
After Full Exercise of the Rights Warrants and Placement Warrants	20,050,560

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UHY CHARTERED ACCOUNTANTS (AF1411)
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IDEAL SUN CITY HOLDINGS BERHAD ("IDEAL")
NOTES TO THE PROFORMA CONSOLIDATED STATEMENTS OF FINANCIAL POSITION AS AT 31 DECEMBER 2012

(III) EXPLANATORY NOTES TO THE PROFORMA CONSOLIDATED STATEMENTS OF FINANCIAL POSITION

1. Property, plant and equipment

The movement in the components of property, plant and equipment upon completion of PRS would be as follows:

	RM
Per audited financial statements as at 31 December 2012	4,833,437
Proposed disposal	(4,821,000)
Proforma I, II, III, IV, V, VI, VII	12,437

2. Cash and bank balances

The movement of the IDEAL's cash and bank balances upon the completion of PRS would be as follows:

	RM
Per audited financial statements as at 31 December 2012	86,172
Disposal	4,806,000
Repayment of bank borrowings	(4,709,766)
Proforma I, II and III	182,406
Rights Issue with Warrants	9,400,320
Proforma IV	9,582,726
Placement with Warrants	2,400,000
Proforma V	11,982,726
Utilisation of Proceeds	(1,817,046)
Proforma VI	10,165,680
After Full Exercise of Rights Warrants and Placement Warrants	5,900,160
Proforma VII	16,065,840

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(AF1411)

IDEAL SUN CITY HOLDINGS BERHAD ("IDEAL")
NOTES TO THE PROFORMA CONSOLIDATED STATEMENTS OF FINANCIAL POSITION AS AT 31 DECEMBER 2012

(III) EXPLANATORY NOTES TO THE PROFORMA CONSOLIDATED STATEMENTS OF FINANCIAL POSITION (continued)

3. Equity Attributable to Equity Holders of IDEAL

The movement in the components of equity upon completion of the PRS would be as follows:

	Share capital RM	Share premium RM	Revaluation reserve RM	Discount on shares RM	Warrant reserve RM	Accumulated losses RM	Total RM
Per audited financial statements as at 31 December 2012	23,500,800	22,026,619	1,366,871	-	-	(44,707,264)	2,187,026
Revaluation on long leasehold land	-	-	(1,366,871)	-	-	1,807,495	440,624
Adjustment	23,500,800	22,026,619	-	-	-	(42,899,769)	2,627,650
Share Premium Cancellation	-	(22,026,619)	-	-	-	22,026,619	-
Proforma I	23,500,800	-	-	-	-	(20,873,150)	2,627,650
Par Value Reduction and Proposed Share Consolidation	(21,150,720)	-	-	-	-	21,150,720	-
Proforma II	2,350,080	-	-	-	-	277,570	2,627,650
Rights Issue with Warrants	9,400,320	-	-	(1,880,244)	1,880,244	-	9,400,320
Proforma III	11,750,400	-	-	(1,880,244)	1,880,244	277,570	12,027,970
Placement with Warrants	2,400,000	-	-	(480,000)	480,000	-	2,400,000
Proforma IV	14,150,400	-	-	(2,360,244)	2,360,244	277,570	14,427,970
Utilisation of Proceeds	-	-	-	-	-	(1,000,000)	(1,000,000)
Proforma V	14,150,400	-	-	(2,360,244)	2,360,244	(722,430)	13,427,970
After Full Exercise of Rights Warrants and Placement Warrants	5,900,160	-	-	2,360,244	(2,360,244)	-	5,900,160
Proforma VI	20,050,560	-	-	-	-	(722,430)	19,328,130

AUDITED CONSOLIDATED FINANCIAL STATEMENTS OF OUR GROUP FOR THE FYE 31 DECEMBER 2012 TOGETHER WITH THE AUDITORS' REPORT THEREON

CERTIFIED TRUE COPY

LOH CHY... Date: 16/5/14
CHARTERED ACCOUNTANT
MIA 5342

IDEAL SUN CITY HOLDINGS BERHAD
(Co. No. 640850-U)
(Incorporated in Malaysia)
AND ITS SUBSIDIARIES

REPORTS AND FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2012
(In Ringgit Malaysia)

Company No. 640850-U

IDEAL SUN CITY HOLDINGS BERHAD
(Co. No. 640850-U)
(Incorporated in Malaysia)
AND ITS SUBSIDIARIES

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IDEAL SUN CITY HOLDINGS BERHAD
(Co. No. 640850-U)
(Incorporated in Malaysia)
AND ITS SUBSIDIARIES

CORPORATE INFORMATION

BOARD OF DIRECTORS	Dato' Ooi Kee Liang (Executive Chairman) Datin Phor Li Wei (Executive Director) Dato' Hj. Ismail Bin Din (Independent Non-Executive Director) Loh Eng Wee (Independent Non-Executive Director) Tan Wooi Chuon (Independent Non-Executive Director)
SECRETARY	Gunn Chit Geok (MAICSA 0673097) Chew Siew Cheng (MAICSA 7019191)
AUDITORS	PKF AF 0911 Chartered Accountants
AUDIT COMMITTEE	Tan Wooi Chuon (Chairman) Dato' Hj. Ismail Bin Din (Member) Loh Eng Wee (Member)
REGISTERED OFFICE	Suite 12-02 12th Floor Menara Zurich 170 Jalan Argyll 10050 Penang Tel: 04 – 229 6318 Fax: 04 – 228 2118
REGISTRAR AND SHARE TRANSFER OFFICE	Tricor Investor Services Sdn. Bhd. Level 17, The Gardens North Tower Mid Valley City Lingkaran Syed Putra 59200 Kula Lumpur, Malaysia Tel: 03 – 2264 3883 Fax: 03 – 2282 1886
PRINCIPAL BANKERS	RHB Bank Berhad Public Bank Berhad
STOCK EXCHANGE LISTING	Bursa Malaysia Securities Berhad

IDEAL SUN CITY HOLDINGS BERHAD
(Co No 640850-U)
(Incorporated in Malaysia)
AND ITS SUBSIDIARIES

DIRECTORS' REPORT

The Directors have pleasure in submitting their report and the audited financial statements of the Group and of the Company for the financial year ended 31 December 2012.

Principal activities

The Company is principally involved in investment holding and providing management services. The principal activities of its subsidiaries are as disclosed in Note 11 to the financial statements.

There have been no significant changes in the nature of these activities of the Group and of the Company during the financial year except the Group has diversified the Group's business activities into project management of property development.

Results

	Group	Company
	RM	RM
Profit for the financial year	3,860,618	97,263

Reserves and provisions

There were no material transfers to and from reserves or provisions during the financial year except as disclosed in the financial statements.

Dividends

No dividend were paid or declared since the end of the last financial year

The Directors do not recommend any dividend for the financial year ended 31 December 2012.

Directors of the Company

The Directors who have held office since the date of the last report are:

Dato' Ooi Kee Liang
Datin Phor Li Wei
Dato' Hj. Ismail Bin Din
Tan Wooi Chuon
Loh Eng Wee

IDEAL SUN CITY HOLDINGS BERHAD
(Co No. 640850-U)
(Incorporated in Malaysia)
AND ITS SUBSIDIARIES

Directors' interest in shares

The interest in the ordinary shares of the Company those who were Directors at the financial year end, as recorded in the Registered of Directors' Shareholding, are as follows:

	Number of ordinary shares of RM0.10 each			
Name of Directors	**Balance at 01.01.12**	**Bought**	**Sold**	**Balance at 31.12.12**
Dato' Ooi Kee Liang				
- direct interest	1,000	-	-	1,000
- deemed interest	75,202,600	-	-	75,202,600
Datin Phor Li Wei				
- direct interest	1,000	-	-	1,000
- deemed interest	75,202,600	-	-	75,202,600

By virtue of their interest in the shares of the Company, Dato' Ooi Kee Liang and Datin Phor Li Wei are also deemed to be interested in the shares of all the subsidiaries to the extent the Company has an interest.

None of the other Directors holding office at 31 December 2012 had any interest in shares of the Company and its related corporations during the financial year, according to the register required to be kept under Section 134 of the Companies Act, 1965

Directors' benefits

Since the end of the previous financial year, none of the Directors of the Company has received nor become entitled to receive any benefit (other than a benefit included in the aggregate amount of emoluments received or due and receivable by the Directors as disclosed in the financial statements) by reason of a contract made by the Company or a related corporation with the Directors or with a firm of which he is a member, or with a company in which he has a substantial financial interest except for any benefit which may be deemed to have arisen by virtue of the transactions between the Company and certain companies in which certain Directors of the Company are also Directors and/or shareholders as disclosed in Note 26 to the financial statements.

There were no arrangements during or at the end of the financial year, which had the object of enabling Directors to acquire benefits by means of the acquisition of shares in or debentures of the Company or any other body corporate.

Issue of shares and debentures

There were no changes in the authorised, issued and paid-up capital of the Company during the financial year.

There were no debentures issued during the financial year.

Options granted over unissued shares

No options have been granted by the Company to any parties during the financial year to take up unissued shares of the Company during the financial year.

IDEAL SUN CITY HOLDINGS BERHAD
(Co. No. 640850-U)
(Incorporated in Malaysia)
AND ITS SUBSIDIARIES

Other statutory information

Before the financial statements of the Group and of the Company were made out, the Directors took reasonable steps to ascertain that:

(i) proper action had been taken in relation to the writing off of bad debts and the making of provision for doubtful debts and have satisfied themselves that there are no known bad debts and that adequate provision had been made for doubtful debts; and

(ii) any current assets which were unlikely to realised their book value in the ordinary course of business have been written down to an amount which they might be expected so to realise.

At the date of this report, the Directors are not aware of any circumstances:

(i) which would necessitate the writing off of bad debts or the amount of the provision for doubtful debts inadequate in the financial statements of the Group to any substantive extent; or

(ii) which would render the value attributed to current assets in the financial statements of the Group and of the Company misleading; or

(iii) which have arisen which render adherence to the existing method of valuation of assets or liabilities of the Group and of the Company misleading or inappropriate; or

(iv) not otherwise dealt with in this report or the financial statements, that would render any amount stated in the financial statements of the Group and of the Company misleading.

Other than disclosed in Note 29 to the financial statements, at the date of this report, there does not exist:

(i) any charge on the assets of the Group and of the Company that has arisen since the end of the financial year and which secures the liabilities of any other person; or

(ii) any contingent liability in respect of the Group and of the Company that has arisen since the end of the financial year.

No contingent liability or other liability of the Group and of the Company has become enforceable, or is likely to become enforceable within the period of 12 months after the end of the financial year which, in the opinion of the Directors, will or may substantially affect the ability of the Group and of the Company to meet its obligations as and when they fall due.

In the opinion of the Directors, except as otherwise stated in the financial statements, the financial performance of the Group and of the Company for the financial year ended 31 December 2012 have not been substantially affected by any item, transaction or event of a material and unusual nature nor has any such item, transaction or event occurred in the interval between the end of the financial year and the date of this report.

IDEAL SUN CITY HOLDINGS BERHAD
(Co. No. 640850-U)
(Incorporated in Malaysia)
AND ITS SUBSIDIARIES

Significant events

(i) Default on borrowings

The Group and the Company have accumulated losses of RM44,707,264 and RM39,516,576 of 31 December 2012 which resulted from losses sustained in prior years. In the prior year, the Company and Ideal Property Concept Sdn. Bhd. ("IPC") have defaulted on their borrowings and the interest payment obligations as disclosed in Notes 21 and 24 to the financial statements.

Malayan Banking Berhad ("MBB")

On March 2012, IPC received a Writ of Summons filed by MBB concerning a claim of an outstanding amount RM98,841. MBB, vide its letter dated 3 September 2012, had confirmed that the outstanding debt with MBB has been settled via the full and final settlement arrangement entered into on 25 August 2012.

RHB Bank Berhad ("RHB")

RHB, vide its letter dated 3 September 2012, had restructured the previously defaulted bank borrowings into a new term loan amounting to RM5,311,105, with a monthly repayment of RM105,004 over a 5 years period.

Arising from the above, IPC is no longer in default on the MBB and RHB borrowings. The remaining claim is in respect of Orix Credit Malaysia Sdn. Bhd. ("ORIX") for a sum of RM1,081,647, of which further details are set out in item (iii) below.

(ii) Regularisation Plan

The Group has embarked on formularising a proposed regularisation plan which includes fund raising and restructuring on the defaulted principal and interest repayments and achieve profitable business operations in the new business venture with the continued support from its shareholders, bankers and creditors.

(iii) Material Litigation

As at the date of this report, the Group was not engaged in any material litigation either as plaintiff or defendant and the Directors do not have any knowledge of any proceedings pending or threatened against the Group, except for the following:

The Company and IPC have been presented a Writ of Summons by ORIX on 15 April 2009 to the High Court of Johore Bahru and which have been served to the Company and IPC on 18 May 2009, with IPC and the Company were named as the First and Second Defendant respectively by ORIX to claim the repayment of sums of RM1,081,647 including interest, legal costs, scale cost and other damages deem fit by the Court.

IDEAL SUN CITY HOLDINGS BERHAD
(Co. No. 640850-U)
(Incorporated in Malaysia)
AND ITS SUBSIDIARIES

Significant events (continued)

(iii) Material Litigation (continued)

The High Court of Johore Bahru had on 9 January 2012 dismissed the claim of ORIX against the Company and IPC. ORIX has filed an appeal to Appeal Court in Putrajaya on 1 February 2012. The Company and IPC will seek further legal advice in due course and negotiate with the Plaintiff to restructure the debt. In addition, the Company and IPC will maintain efforts to realise its assets to settle its debts.

Subsequent events

On 28 February 2013, IPC and Drilmaco Sdn. Bhd. have entered into a sale and purchase agreement to dispose of 2 parcels of leasehold industrial land for a total consideration of RM4,906,315.

Auditors

The auditors, Messrs PKF, have indicated their willingness to continue in office

Signed on behalf of the Board
in accordance with a resolution of the Directors,

DATO' OOI KEE LIANG

DATIN PHOR LI WEI

Penang
19 APR 2013.

IDEAL SUN CITY HOLDINGS BERHAD
(Co. No. 640850-U)
(Incorporated in Malaysia)
AND ITS SUBSIDIARIES

STATEMENT BY DIRECTORS PURSUANT TO SECTION 169 (15) OF THE COMPANIES ACT, 1965 IN MALAYSIA

In the opinion of the Directors, the financial statements set out on pages 11 to 66 are drawn up in accordance with Malaysian Financial Reporting Standards, International Financial Reporting Standards and the Companies Act, 1965 in Malaysia, so as to give a true and fair view of the financial position of the Group and of the Company as at 31 December 2012 and of their financial performance and their cash flows for the financial year ended on that date.

In the opinion of the Directors, the information set out in Note 31 to the financial statements has been compiled in accordance with the Guidance on Special Matter No.1, *Determination of Realised and Unrealised Profits or Losses in the Context of Disclosure Pursuant to Bursa Malaysia Securities Berhad Listing Requirement*, issued by the Malaysian Institute of Accountants, and presented based on the format prescribed by Bursa Malaysia Securities Berhad.

Signed on behalf of the Board
in accordance with a resolution of the Directors,

DATO' OOI KEE LIANG

DATIN PHOR LI WEI

Penang
19 APR 2013.

STATUTORY DECLARATION PURSUANT TO SECTION 169 (16) OF THE COMPANIES ACT, 1965 IN MALAYSIA

I, TEOH EE KEN being the Officer primarily responsible for the financial management of IDEAL SUN CITY HOLDINGS BERHAD, do solemnly and sincerely declare that to the best of my knowledge and belief, the financial statements set out on pages 11 to 66 are in my opinion correct, and I make this solemn declaration conscientiously believing the same to be true and by virtue of the provisions of the Statutory Declarations Act, 1960.

Subscribed and solemnly declared by the)
abovenamed TEOH EE KEN at GEORGETOWN)
in the State of PENANG on 19 APR 2013.)

TEOH EE KEN

Before me,

COMMISSIONER FOR OATHS

PKF
(AF 0911)

PKF
Accountants &
Business Advisers

INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF
IDEAL SUN CITY HOLDINGS BERHAD
(Co. No. 640850-U)
(Incorporated in Malaysia)
AND ITS SUBSIDIARIES

Report on the Financial Statements

We have audited the financial statements of IDEAL SUN CITY HOLDINGS BERHAD, which comprise the statements of financial position as at 31 December 2012 of the Group and of the Company, and the statements of comprehensive income, statements of changes in equity and statements of cash flow of the Group and of the Company for the financial year then ended, and a summary of significant accounting policies and other explanatory notes as set out on pages 11 to 66.

Directors' Responsibility for the Financial Statements

The Directors of the Company are responsible for the preparation of the financial statements that give a true and fair view in accordance with Malaysian Financial Reporting Standards, International Financial Reporting Standards and the Companies Act, 1965 in Malaysia, and for such internal controls as the Directors determine are necessary to enable the preparation of the financial statements that are free from material misstatements, whether due to fraud or error.

Auditors' Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit We conducted our audit in accordance with approved standards on auditing in Malaysia Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on our judgement, including the assessment of risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, we consider internal controls relevant to the entity's preparation of financial statements that give a true and fair view in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal controls. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the Directors, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

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PKF
(AF 0911)

Accountants &
Business Advisers

Opinion

In our opinion, the financial statements give a true and fair view of the financial position of the Group and of the Company as at 31 December 2012 and of their financial performances and cash flows for the year then ended in accordance with Malaysian Financial Reporting Standards, International Financial Reporting Standards and the requirements of the Companies Act, 1965 in Malaysia.

Emphasis of Matter

Without qualifying our opinion, we draw attention to Note 1 to the financial statements, which disclose the premise upon which the Company has prepared its financial statements by applying the going concern assumption, notwithstanding that:

(a) the Group and the Company, as at 31 December 2012, has accumulated losses of RM44,707,264 and RM39,516,576; and

(b) the Group is in the process of regularising their financial position, with the Proposed Regularisation Plan being submitted to the relevant authorities on 25 September 2012 and, as at the date of this report, is pending approval from the relevant authorities

The above indicates the existence of a material uncertainty which may cast significant doubt about the Group's and the Company's ability to continue as a going concern.

Report on Other Legal and Regulatory Requirements

In accordance with the requirements of the Companies Act, 1965 in Malaysia, we also report the following:

(a) In our opinion, the accounting and other records and the registers required by the Act, to be kept by the Company and its subsidiaries of which we have acted as auditor, have been properly kept in accordance with the provisions of the Act.

(b) We are satisfied that the financial statements of the subsidiaries that have been consolidated with the Company's financial statements are in form and content appropriate and proper for the purposes of the preparation of the consolidated financial statements and we have received satisfactory information and explanations required by us for those purposes.

(c) The audit report on the financial statements of the subsidiaries were not subject to any qualification or any adverse comment made under Section 174(3) of the Act

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(AF 0911)

Accountants &
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Other Reporting Responsibilities

Our audit was made for the purpose of forming an opinion on the financial statements taken as a whole. The information set out in Note 31 to the financial statements has been compiled by the Company as required by the Bursa Malaysia Securities Berhad Listing Requirements and is not required by the Malaysian Financial Reporting Standards. We have extended our audit procedures to report on the process of compilation of such information. In our opinion, the information has been properly compiled, in all material respects, in accordance with the Guidance on Special Matter No. 1, *Determination of Realised and Unrealised Proft or Losses in the Context of Disclosures Pursuant to Bursa Malaysia Securities Berhad Listing Requirements*, issued by the Malaysian Institute of Accountants, and presented based on the format prescribed by Bursa Malaysia Securities Berhad

Other Matters

1 As stated in Note 1 to the financial statements, the Group and the Company adopted Malaysian Financial Reporting Standards on 1 January 2012 with a transition date of 1 January 2011. These standards were applied retrospectively by Directors to the comparative information in these financial statements, including the statements of financial position as at 31 December 2011 and 1 January 2011, and the statements of comprehensive income, statements of changes in equity and statements of cash flows for the financial year ended 31 December 2011 and related disclosures. We were not engaged to report on the restated comparative information and it is unaudited. Our responsibilities as part of our audit of the financial statements of the Group and of the Company for the financial year ended 31 December 2012 have, in these circumstances, included obtaining sufficient appropriate audit evidence that the opening balances as at 1 January 2012 do not contain misstatements that materially affect the financial position as at 31 December 2012 and financial performance and cash flows for the financial year then ended

2 This report is made solely to the members of the Company, as a body, in accordance with Section 174 of the Companies Act, 1965 in Malaysia and for no other purpose We do not assume responsibility to any other person for the content of this report

PKF
AF 0911
CHARTERED ACCOUNTANTS

LOH CHYE TEIK
1652/8/14(J)
CHARTERED ACCOUNTANT

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IDEAL SUN CITY HOLDINGS BERHAD
(Co. No. 640850-U)
(Incorporated in Malaysia)
AND ITS SUBSIDIARIES

STATEMENTS OF COMPREHENSIVE INCOME FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2012

		Group		Company	
		2012	2011	2012	2011
	Note	RM	RM	RM	RM
Revenue	3	7,202,163	647,969	292,226	-
Cost of sales		(1,377,775)	(11,720,629)	-	-
Gross profit/(loss)		5,824,388	(11,072,660)	292,226	-
Other income		171,957	1,188,595	1,061,608	1,607
Distribution and administration expenses		(1,677,881)	(3,490,799)	(1,256,571)	(788,585)
Other operating expenses		-	(2,112)	-	(3,453,588)
Profit/(loss) from operations	5	4,318,464	(13,376,976)	97,263	(4,240,566)
Finance costs	6	(406,846)	(704,076)	-	-
Profit/(loss) before tax		3,911,618	(14,081,052)	97,263	(4,240,566)
Tax expense	7	(51,000)	-	-	-
Profit/(loss) for the financial year		3,860,618	(14,081,052)	97,263	(4,240,566)
Other comprehensive income, net of tax					
Revaluation of leasehold lands	19	1,822,495	-	-	-
Transfer to deferred taxation	20	(455,624)	-	-	-
Total other comprehensive income for the financial year		1,366,871	-	-	-
Total comprehensive income/(loss) for the financial year attributable to:					
Owners of the Company		3,860,618	(14,081,052)	97,263	(4,240,566)
Basic average earnings/(loss) per ordinary share (sen)	8	1.64	(5.99)		

The accompanying notes form an integral part of the financial statements

IDEAL SUN CITY HOLDINGS BERHAD
(Co. No. 640850-U)
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STATEMENTS OF FINANCIAL POSITION AS AT 31 DECEMBER 2012

		Group		Company	
		2012	2011	2012	2011
	Note	RM	RM	RM	RM
Non-current assets					
Property, plant and equipment	9	4,833,437	-	-	-
Investment in subsidiaries	11	-	-	100,002	4
Other financial asset	12	-	1,006,080	-	-
		4,833,437	1,006,080	100,002	4
Current assets					
Inventories	13	617,010	923,850	-	-
Trade receivables	14	1,914,381	245,735	-	-
Non-trade receivables	15	38,254	101,088	6,719,107	8,317,348
Other financial asset	12	1,302,586	864,607	-	-
Tax recoverables		1,700	1,700	1,700	1,700
Short-term deposit with licensed banks	16	1,460,000	-	-	-
Cash and bank balances		86,172	41,975	11,622	3,998
		5,420,103	2,178,955	6,732,429	8,323,046
Assets classified as held for sale	17	-	3,077,505	-	-
		5,420,103	5,256,460	6,732,429	8,323,046
TOTAL ASSETS		10,253,540	6,262,540	6,832,431	8,323,050
EQUITY AND LIABILITIES					
Equity attributable to owners					
Share capital	18	23,500,800	23,500,800	23,500,800	23,500,800
Reserves	19	(21,313,774)	(26,541,263)	(17,489,957)	(17,587,220)
TOTAL EQUITY		2,187,026	(3,040,463)	6,010,843	5,913,580
Non- current liabilities					
Deferred tax liabilities	20	455,624	-	-	-
Borrowings	21	3,819,431	-	-	-
		4,275,055	-	-	-
Current liabilities					
Trade payables	22	510,330	520,519	-	-
Non-trade payables	23	1,522,748	3,436,706	821,588	1,372,344
Tax payables		51,000	-	-	-
Hire purchase payables	24	817,046	817,046	-	-
Borrowings	21	890,335	4,528,732	-	-
Provision	25	-	-	-	1,037,126
		3,791,459	9,303,003	821,588	2,409,470
TOTAL LIABILITIES		8,066,514	9,303,003	821,588	2,409,470
TOTAL EQUITY AND LIABILITIES		10,253,540	6,262,540	6,832,431	8,323,050

The accompanying notes form an integral part of the financial statements

IDEAL SUN CITY HOLDINGS BERHAD
(Co. No. 640850-U)
(Incorporated in Malaysia)
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STATEMENTS OF CHANGES IN EQUITY
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2012

	Attributable to owners of the Company				
	Non-distributable			*Distributable*	
Group	**Share capital RM**	**Share premium RM**	**Revaluation reserve RM**	**Accumulated losses RM**	**Total RM**
At 1 January 2011	23,500,800	22,026,619	-	(34,486,830)	11,040,589
Total comprehensive loss for the financial year	-	-	-	(14,081,052)	(14,081,052)
At 31 December 2011	23,500,800	22,026,619	-	(48,567,882)	(3,040,463)
Other comprehensive income for the financial year	-	-	1,366,871	-	1,366,871
Profit for the financial year	-	-	-	3,860,618	3,860,618
Total comprehensive income for the financial year	-	-	1,366,871	3,860,618	5,227,489
At 31 December 2012	23,500,800	22,026,619	1,366,871	(44,707,264)	2,187,026

The accompanying notes form an integral part of the financial statements.

IDEAL SUN CITY HOLDINGS BERHAD
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STATEMENTS OF CHANGES IN EQUITY
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2012

Company	Share capital RM	Non-distributable reserve share premium RM	Accumulated losses RM	Total RM
At 1 January 2011	23,500,800	22,026,619	(35,373,273)	10,154,146
Total comprehensive loss for the financial year	-	-	(4,240,566)	(4,240,566)
At 31 December 2011	23,500,800	22,026,619	(39,613,839)	5,913,580
Total comprehensive income for the financial year	-	-	97,263	97,263
At 31 December 2012	23,500,800	22,026,619	(39,516,576)	6,010,843

The accompanying notes form an integral part of the financial statements.

IDEAL SUN CITY HOLDINGS BERHAD
(Co. No. 640850-U)
(Incorporated in Malaysia)
AND ITS SUBSIDIARIES

STATEMENTS OF CASH FLOW
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2012

		Group		Company	
	Note	2012 RM	2011 RM	2012 RM	2011 RM
Cash flows from operating activities					
Profit/(loss) before tax		3,911,618	(14,081,052)	97,263	(4,240,566)
Adjustments for:					
Amortisation of					
- other financial asset		149	241,008	-	-
- plantation development expenditure		-	243,570	-	-
Depreciation of property, plant and equipment		81,551	274,040	-	-
Finance costs		406,846	704,076	-	-
Inventories written down to net realisable value		-	907,330	-	-
Net waiver of debts owing by					
- subsidiaries		-	-	-	3,453,588
- other party		-	82,159	-	-
Net waiver of bank borrowings		(5,075)	-	-	-
Unrealised exchange loss		-	1,616	-	-
Written off of					
- inventories		-	5,253,258	-	-
- plantation development expenditure		-	3,885,304	-	-
- property, plant and equipment		-	1,788,524	-	-
Gain on disposal of					
- assets classified held for sale		-	(583,741)	-	-
- property, plant and equipment		-	(67,629)	-	-
- subsidiaries		-	(211,663)	-	-
Interest income on					
- other financial asset carried at amortised cost		(142,161)	-	-	-
- short-term deposit		(239)	(1,605)	-	-
Operating profit/ (loss) before working capital changes		4,252,689	(1,564,805)	97,263	(786,978)
Decrease in inventories		306,840	919,638	-	-
(Increase)/decrease in receivables		(1,605,812)	(175,753)	15,000	(7,555)
(Decrease)/ increase in payables		(1,423,886)	219,414	(123,404)	933,979
Decrease in other financial asset		710,113	555,522	-	-
Increase/(decrease) in subsidiaries		-	-	1,583,241	(135,606)
Decrease in related companies		(543,587)	-	(427,352)	-
Decrease in provisions		-	-	(1,037,126)	-
Cash generated from/ (used in) operating activities		1,696,357	(45,984)	107,622	3,840
Balance carried forward		1,696,357	(45,984)	107,622	3,840

The accompanying notes form an integral part of the financial statements.

IDEAL SUN CITY HOLDINGS BERHAD
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STATEMENTS OF CASH FLOW (CONTINUED)
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2012

	Note	Group 2012 RM	Group 2011 RM	Company 2012 RM	Company 2011 RM
Balance brought forward		1,696,357	(45,984)	107,622	3,840
Tax paid		-	(34,503)	-	-
Interest received		239	1,605	-	-
Interest paid		(363,520)	(363,647)	-	-
Net cash generated from/ (used in) operating activities		1,333,076	(442,529)	107,622	3,840
Cash flows from investing activities					
Proceeds from disposal of					
- assets held for sale		-	3,543,813	-	-
- property, plant and equipment		-	101,849	-	-
Net cash (outflow)/inflow from disposal of subsidiary	(i)	-	(8,980)	-	2
Increase in investment in subsidiaries		-	-	(99,998)	(4)
Purchase of property, plant and equipment		(14,988)	-	-	-
Net cash (used in)/ generated from investing activities		(14,988)	3,636,682	(99,998)	(2)
Cash flows from financing activities					
Repayment of					
- bankers' acceptance		-	1,000,000	-	-
- term loans		-	1,361,167	-	-
Restructured bank borrowings		186,109	-	-	-
Net cash generated from/ (used in) financing activities		186,109	(2,361,167)	-	-
Net increase in cash and cash equivalents		1,504,197	832,986	7,624	3,838
Cash and cash equivalents at 1 January		41,975	(791,011)	3,998	160
Cash and cash equivalents at 31 December	(ii)	1,546,172	41,975	11,622	3,998

The accompanying notes form an integral part of the financial statements.

IDEAL SUN CITY HOLDINGS BERHAD
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STATEMENTS OF CASH FLOW (CONTINUED)
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2012

(i) Net cash (outflow)/inflow from disposal of subsidiary

During year 2011, the Company disposed of its 55% equity interest in a subsidiary, Biosmart Sdn. Bhd.. The net cash (outflow)/inflow from disposal of subsidiary is follows:

	Group		Company	
	2012 RM	2011 RM	2012 RM	2011 RM
Cash consideration received	-	2	-	2
Cash and bank balances in the disposed subsidiary	-	(8,982)	-	-
Net cash (outflow)/inflow from disposal of subsidiary	-	(8,980)	-	2

(ii) Cash and cash equivalents

Cash and cash equivalents consist of the following:

	Group		Company	
	2012 RM	2011 RM	2012 RM	2011 RM
Cash and bank balances	86,172	41,975	11,622	3,998
Short-term deposit with licensed banks	1,460,000	-	-	-
	1,546,172	41,975	11,622	3,998

IDEAL SUN CITY HOLDINGS BERHAD
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NOTES TO THE FINANCIAL STATEMENTS AT 31 DECEMBER 2012

1. Basis of preparation

The financial statements of the Group and of the Company have been prepared in accordance with Malaysian Financial Reporting Standards ("MFRSs"), International Financial Reporting Standards and the Companies Act, 1965 in Malaysia. These are the Group and the Company's first financial statements prepared in accordance with MFRS and MFRS 1, First-time Adoption of Malaysian Financial Reporting Standards has been applied.

In the previous years, the financial statements of the Group and of the Company were prepared in accordance with Financial Reporting Standards ("FRSs"). The accounting policies set out in Note 2 have been applied in preparing the financial statements of the Group and of the Company for the financial year ended 31 December 2012, the comparative information presented in these financial statements for the financial year ended 31 December 2011 and in the preparation of the opening MFRS statement of financial position at 1 January 2011 (the Group and of the Company date of transition to MFRSs).

The transitions to MFRSs do not have financial impact to the financial statements of the Group and the Company.

The Group and of the Company have early adopted the amendments to MFRS 101, Presentation of Financial Statements which are effective for annual periods beginning on or after 1 July 2012. The early adoption of the amendments to MFRS 101 has no impact on the financial statements.

The financial statements of the Group and of the Company are also prepared on the going concern basis.

The Group and the Company, as at 31 December 2012, has accumulated losses of RM44,707,264 and RM39,516,576 thereby indicated the existence of a material uncertainty which may cast significant doubt about the Group's and the Company's ability to continue as a going concern.

The ability of the Group and the Company to continue as a going concern is dependent upon receiving continuous financial support from its shareholders and its ability to operate profitably in the foreseeable future.

At the time of this report, there is no reason for the Directors to believe that there is any significant uncertainty that the shareholders will not continue to provide their financial support. Accordingly, the financial statements do not include any adjustments relating to the recoverability and classification of recorded assets' amounts or to amounts and classification of liabilities that may be necessary if the Group and the Company is unable to continue as a going concern. The assumption is premised on future events, the outcome of which is inherently uncertain.

IDEAL SUN CITY HOLDINGS BERHAD
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NOTES TO THE FINANCIAL STATEMENTS AT 31 DECEMBER 2012

1. Basis of preparation (continued)

(a) Standards issued and effective

On 1 January 2012, the following new and amended MFRS and IC Interpretations are mandatory for annual financial periods beginning on or after 1 January 2012.

Description	Effective for annual periods beginning on or after
• MFRS 1, First-time Adoption of Malaysian Financial Reporting Standards	1 January 2012
• MFRS 2, Share-based Payment	1 January 2012
• MFRS 3, Business Combinations	1 January 2012
• MFRS 4, Insurance Contracts	1 January 2012
• MFRS 5, Non-current Assets Held for Sale and Discontinued Operations	1 January 2012
• MFRS 6, Exploration for and Evaluation of Mineral Resources	1 January 2012
• MFRS 7, Financial Instruments: Disclosures	1 January 2012
• MFRS 8, Operating Segments	1 January 2012
• MFRS 101, Presentation of Financial Statements	1 January 2012
• MFRS 102, Inventories	1 January 2012
• MFRS 107, Statement of Cash Flows	1 January 2012
• MFRS 108, Accounting Policies, Changes in Accounting Estimates and Errors	1 January 2012
• MFRS 110, Events After the Reporting Period	1 January 2012
• MFRS 111, Construction Contracts	1 January 2012
• MFRS 112, Income Taxes	1 January 2012
• MFRS 116, Property, Plant and Equipment	1 January 2012
• MFRS 117, Leases	1 January 2012
• MFRS 118, Revenue	1 January 2012
• MFRS 119, Employee Benefits	1 January 2012
• MFRS 120, Accounting for Government Grants and Disclosure of Government Assistance	1 January 2012
• MFRS 121, The Effects of Changes in Foreign Exchange Rates	1 January 2012
• MFRS 123, Borrowing Costs	1 January 2012
• MFRS 124, Related Party Disclosures	1 January 2012
• MFRS 126, Accounting and Reporting by Retirement Benefit Plans	1 January 2012
• MFRS 127, Consolidated and Separate Financial Statements	1 January 2012
• MFRS 128, Investment in Associates	1 January 2012
• MFRS 129, Financial Reporting in Hyperinflationary Economies	1 January 2012
• MFRS 131, Interest in Joint Ventures	1 January 2012

IDEAL SUN CITY HOLDINGS BERHAD
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NOTES TO THE FINANCIAL STATEMENTS AT 31 DECEMBER 2012

1. **Basis of preparation (continued)**

(a) **Standards issued and effective (continued)**

Description	**Effective for annual periods beginning on or after**
• MFRS 132, Financial Instruments: Presentation	1 January 2012
• MFRS 133, Earnings Per Share	1 January 2012
• MFRS 134, Interim Financial Reporting	1 January 2012
• MFRS 136, Impairment of Assets	1 January 2012
• MFRS 137, Provisions, Contingent Liabilities and Contingent Assets	1 January 2012
• MFRS 138, Intangible Assets	1 January 2012
• MFRS 139, Financial Instruments: Recognition and Measurement	1 January 2012
• MFRS 140, Investment Property	1 January 2012
• MFRS 141, Agriculture	1 January 2012
• Amendment to MFRSs:	
- MFRS 7, *Mandatory Effective Date of MFRS 9 and Transition Disclosures*	Effective immediately on 1 March 2012
- MFRS 9, *Mandatory Effective Date of MFRS 9 and Transition Disclosures*	Effective immediately on 1 March 2012
• IC Interpretation 1, Changes in Existing Decommissioning, Restoration and Similar Liabilities	1 January 2012
• IC Interpretation 2, Members' Shares in Co-operative Entities and Similar Instruments	1 January 2012
• IC Interpretation 4, Determining Whether an Arrangement contains a Lease	1 January 2012
• IC Interpretation 5, Rights to Interests arising from Decommissioning, Restoration and Environmental Rehabilitation Funds	1 January 2012
• IC Interpretation 6, Liabilities arising from Participating in a Specific Market – Waste Electrical and Electronic Equipment	1 January 2012
• IC Interpretation 7, Applying the Restatement Approach under MFRS 129 *Financial Reporting in Hyperinflationary Economies*	1 January 2012
• IC Interpretation 9, Reassessment of Embedded Derivatives	1 January 2012
• IC Interpretation 10, Interim Financial Reporting and Impairment	1 January 2012
• IC Interpretation 12, Service Concession Arrangements	1 January 2012
• IC Interpretation 13, Customer Loyalty Programmes	1 January 2012

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1. Basis of preparation (continued)

(a) Standards issued and effective (continued)

Description	Effective for annual periods beginning on or after
• IC Interpretation 14, MFRS 119 – The Limit on a Defined Benefit Asset, Minimum Funding Requirements and their Interaction	1 January 2012
• IC Interpretation 15, Agreements for the Construction of Real Estate	1 January 2012
• IC Interpretation 16, Hedges of a Net Investment in a Foreign Operation	1 January 2012
• IC Interpretation 17, Distributions of Non-cash Assets to Owners	1 January 2012
• IC Interpretation 18, Transfers of Assets from Customers	1 January 2012
• IC Interpretation 19, Extinguishing Financial Liabilities with Equity Instruments	1 January 2012
• IC Interpretation 107, Introduction of the Euro	1 January 2012
• IC Interpretation 110, Government Assistance – No Specific Relation to Operating Activities	1 January 2012
• IC Interpretation 112, Consolidation – Special Purpose Entities	1 January 2012
• IC Interpretation 113, Jointly Controlled Entities – Non-Monetary Contributions by Venturers	1 January 2012
• IC Interpretation 115, Operating Leases – Incentives	1 January 2012
• IC Interpretation 125, Income Taxes – Changes in the Tax Status of an Entity or its Shareholders	1 January 2012
• IC Interpretation 127, Evaluating the Substance of Transactions Involving the Legal Form of a Lease	1 January 2012
• IC Interpretation 129, Service Concession Arrangements: Disclosures	1 January 2012
• IC Interpretation 131, Revenue – Barter Transactions Involving Advertising Services	1 January 2012
• IC Interpretation 132, Intangible Assets – Web Site Costs	1 January 2012

Material impacts of initial application of a standard, an amendment or an interpretation are discussed below:

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1. **Basis of preparation (continued)**

(a) **Standards issued and effective (continued)**

MFRS 9, *Financial Instruments*

MFRS 9 replaces the guidance in MFRS 139, *Financial Instruments: Recognition and Measurement* on the classification and measurement of financial assets. Upon adoption of MFRS 9, financial assets will be measured at either fair value or amortised cost. It is expected that the Company's investment in unquoted shares will be measured at fair value through other comprehensive income.

MFRS 10, *Consolidated Financial Statements*

MFRS 10, *Consolidated Financial Statements* introduces a new single control model to determining which investees should be consolidated. MFRS 10 supersedes MFRS 127, *Consolidated and Separate Financial Statements* and IC Interpretation 112, *Consolidation - Special Purpose Entities*. There are three elements to the definition of control in MFRS 10: (i) power by investor over an investee, (ii) exposure, or rights, to variable returns from investor's involvement with the investee, and (iii) investor's ability to affect those returns through its power over the investee

MFRS 11, *Joint Arrangements*

MFRS 11, *Joint Arrangements* establishes the principles for classification and accounting for joint arrangements and supersedes MFRS 131, *Interests in Joint Ventures*. Under MFRS 11, a joint arrangement may be classified as joint venture or joint operation. Interest in joint venture will be accounted for using the equity method whilst interest in joint operation will be accounted for using the applicable MFRSs relating to the underlying assets, liabilities, income and expense items arising from the joint operations.

MFRS 13, *Fair Value Measurement*

MFRS 13, *Fair Value Measurement* establishes the principles for fair value measurement and replaces the existing guidance in different MFRSs.

MFRS 119, *Employee Benefits (2011)*

The amendments to MFRS 119, *Employee Benefits* change the accounting for defined benefit plans and termination benefits. The most significant change relates to the accounting for changes in defined benefit obligations and plan assets. The amendments require the recognition of changes in defined benefit obligations and in fair value of plan assets when they occur, and hence eliminate the "corridor method" permitted under the previous version of MFRS 119 and accelerate the recognition of past service costs.

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1. **Basis of preparation (continued)**

(a) **Standards issued and effective (continued)**

MFRS 119, *Employee Benefits (2011) (continued)*

The amendments require all actuarial gains and losses to be recognised immediately through other comprehensive income in order for the net pension asset or liability recognised in the consolidated statement of financial position to reflect the full value of the plan deficit or surplus. The amendments to MFRS 119 are effective for annual periods beginning on or after 1 January 2013 and require retrospective application.

The Directors expect that the adoption of the standards, amendments and interpretations above will have no material impact on the financial statements in the period of initial application.

(b) **Standards issued but not yet effective**

The Group and the Company have not adopted the following standards and interpretations that have been issued but not yet effective:

Description	**Effective for annual periods beginning on or after**
• MFRS 3, Business Combinations (IFRS 3 *Business Combinations* issued by IASB in March 2004)	1 January 2013
• MFRS 9, Financial Instruments (IFRS 9 issued by IASB in November 2009)	1 January 2015
• MFRS 9, Financial Instruments (IFRS 9 issued by IASB in October 2010)	1 January 2015
• MFRS 10, Consolidated Financial Statements	1 January 2013
• MFRS 11, Joint Arrangements	1 January 2013
• MFRS 12, Disclosure of Interests in Other Entities	1 January 2013
• MFRS 13, Fair Value Measurement	1 January 2013
• MFRS 119, Employee Benefits (IAS 19 as amended by IASB in June 2011)	1 January 2013
• MFRS 127, Consolidated and Separate Financial Statements (IAS 27 as revised by IASB in December 2004)	1 January 2013
• MFRS 127, Separate Financial Statements (IAS 27 as amended by IASB in May 2011)	1 January 2013
• MFRS 128, Investment in Associates and Joint Ventures (IAS 28 as amended by IASB in May 2011)	1 January 2013
• Amendment to MFRSs:	
- MFRS 1, Government Loans	1 January 2013

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1. Basis of preparation (continued)

(b) Standards issued but not yet effective (continued)

Description	**Effective for annual periods beginning on or after**
• Amendment to MFRSs:	
- MFRS 1, Annual Improvements 2009-2011 Cycle	1 January 2013
- MFRS 7, *Disclosures – Offsetting Financial Assets and Financial Liabilities*	1 January 2013
- MFRS 10, Consolidated Financial Statements, Joint Arrangements and Disclosure of Interests in Other Entities: Transition Guidance	1 January 2013
- MFRS 10, *Investment Entities*	1 January 2014
- MFRS 11, Consolidated Financial Statements, Joint Arrangements and Disclosure of Interests in Other Entities: Transition Guidance	1 January 2013
- MFRS 12, Consolidated Financial Statements, Joint Arrangements and Disclosure of Interests in Other Entities: Transition Guidance	1 January 2013
- MFRS 12, *Investment Entities*	1 January 2014
- MFRS 101, Presentation of Items of Other Comprehensive Income	1 July 2012
- MFRS 101, Annual Improvements 2009 – 2011 Cycle	1 January 2013
- MFRS 116, Annual Improvements 2009 – 2011 Cycle	1 January 2013
- MFRS 127, *Investment Entities*	1 January 2014
- MFRS 132, Annual Improvements 2009 – 2011 Cycle	1 January 2013
- MFRS 132, Offsetting Financial Assets and Financial Liabilities	1 January 2014
- MFRS 134, Annual Improvements 2009 – 2011 Cycle	1 January 2013
• IC Interpretation 20, Stripping Costs in the Production Phase of a Surface Mine	1 January 2013
• Amendment to IC Interpretations:	
- IC Interpretation 2, Annual Improvements 2009 – 2011 Cycle	1 January 2013

The Directors expect that the adoption of the standards, amendments and interpretations above will have no material impact on the financial statements in the period of initial application.

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1. Basis of preparation (continued)

(c) Basis of measurement

The financial statements have been prepared on the historical cost basis other than as disclosed in Note 2.

(d) Critical accounting estimated and judgements

The preparation of financial statements in conformity with MFRS requires the use of certain critical accounting estimates and assumptions that affect the reported amounts of assets and liabilities. It also requires Directors to exercise their judgement in the process of applying the Group and the Company's accounting policies. The estimates and judgements that affect the application of the Group's and of the Company's accounting policies and disclosures, and have a significant risk of causing a material adjustment to the carrying amounts of assets, liabilities, income and expenses are discussed below:-

(i) Income taxes

There are certain transactions and computations for which the ultimate tax determination may be different from the initial estimate. The Group and the Company recognise 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 and deferred tax provisions in the year in which such determination is made.

(ii) Depreciation of property, plant and equipment

The estimates for the residual values, useful lives and related depreciation charges for the property, plant and equipment are based on commercial and production factors which could change significantly as a result of technical innovations and competitors' actions in response to the market conditions.

The Group and the Company anticipates that the residual values of its plant and equipment will be insignificant. As a result, residual values are not being taken into consideration for the computation of the depreciable amount.

Changes in the expected level of usage and technological development could impact the economic useful lives and the residual values of these assets, therefore future depreciation charges could be revised.

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1. Basis of preparation (continued)

(d) Critical accounting estimated and judgements (continued)

(iii) Impairment of non-financial assets

When the recoverable amount of an asset is determined based on the estimate of the value in use of the cash-generating unit to which the asset is allocated, the management is required to make an estimate of the expected future cash flows from the cash-generating unit and also to apply a suitable discount rate in order to determine the present value of those cash flows.

(iv) Allowance for inventories

Reviews are made periodically by management on damaged, obsolete and slow moving inventories. These reviews require judgement and estimates. Possible changes in these estimates could result in revisions to the valuation of inventories.

(v) Impairment of trade and non-trade receivables

An impairment loss is recognised when there is objective evidence that a financial asset is impaired. Management specifically reviews its loan and receivables financial assets and analyses historical bad debts, customer concentrations, customer creditworthiness, current economic trends and changes in the customer payment terms when making a judgment to evaluate the adequacy of the allowance for impairment losses.

Where there is objective evidence of impairment, the amount and timing of future cash flows are estimated based on historical loss experience for assets with similar credit risk characteristics. If the expectation is different from the estimation, such difference will impact the carrying value of receivables.

(vi) Fair value estimates for certain financial assets and liabilities

The Group and the Company carry certain financial assets and liabilities at fair value, which requires extensive use of accounting estimates and judgement. While significant components of fair value measurement were determined using verifiable objective evidence, the amount of changes in fair value would differ if the Group and the Company uses different valuation methodologies. Any changes in fair value of these assets and liabilities would affect profit and/or equity.

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1. Basis of preparation (continued)

(d) Critical accounting estimated and judgements (continued)

(vii) Deferred tax and liabilities

Deferred tax implications arising from the changes in corporate income tax rates are measured with reference to the estimated realisation and settlement of temporary differences in the future periods in which the tax rates are expected to apply, based on the tax rates enacted or substantively enacted at the reporting date. While management's estimates on the realisation and settlement of temporary differences are based on the available information at the reporting date, changes in business strategy, future operating performance and other factors could potentially impact on the actual timing and amount of temporary differences realised and settled. Any difference between the actual amount and the estimated amount would be recognised in the statements of comprehensive income in the period in which actual realisation and settlement occurs.

(viii) Revaluation of properties

Leasehold lands of the Group are reported at valuations which are based on valuations performed by independent professional valuers.

The independent professional valuers have exercised judgement in determining discount rates, estimates of future cash flows, capitalisation rate, terminal period value, market freehold rental and other factors used in the valuation process. Also, judgement has been applied in estimating prices for less readily observable external parameters. Other factors such as model assumptions, market dislocations and unexpected correlations can also materially affect these estimates and the resulting valuation estimates.

2. Summary of significant accounting policies

(a) Basis of consolidation

(i) Subsidiary

A subsidiary is an entity over which the Group has the power to govern the financial and operating policies so as to obtain benefits from its activities.

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2. Summary of significant accounting policies (continued)

(a) Basis of consolidation (continued)

(i) Subsidiary(continued)

In the Company's separate financial statements, investments in subsidiary are measured in the Company's statement of financial position at cost less any impairment losses.

The accounting policies of subsidiary is changed when necessary to align them with the policies adopted by the Group.

(ii) Accounting for business combinations

The consolidated financial statements comprise the financial statements of the Company and its subsidiary as at the reporting date. Subsidiary is consolidated from the date of acquisition, being the date on which the Company obtains control, and continues to be consolidated until the date that such control ceases.

The financial statements of the subsidiary used in the preparation of the consolidated financial statements are prepared for the same reporting date as the Company. Consistent accounting policies are applied to like transactions and events in similar circumstances.

Acquisitions of subsidiary are accounted for by applying the acquisition method.

Acquisitions on or after 1 January 2011

For acquisitions on or after 1 January 2011, the Group measures goodwill at the acquisition date as:

✓ The fair value of the consideration transferred; plus
✓ The recognised amount of any non-controlling interests in the acquiree; plus
✓ If the business combination is achieved in stages, the fair value of the existing equity interest in the acquiree; less
✓ The net recognised amount (generally fair value) of the identifiable assets acquired and liabilities assumed.

When the excess is negative, a bargain purchase gain is recognised immediately in profit or loss.

The consideration transferred does not include amounts related to the settlement of pre-existing relationships. Such amounts are generally recognised in profit or loss.

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2. Summary of significant accounting policies (continued)

(a) Basis of consolidation (continued)

(ii) Accounting for business combinations (continued)

Cost related to the acquisition, other than those associated with the issue of debt or equity securities, that the Group incurs in connection with a business combination are expensed as incurred.

Any contingent consideration payable is recognised at fair value at the acquisition date. If the contingent consideration is classified as equity, it is not remeasured and settlement is accounted for within equity. Otherwise, subsequent changes to the fair value of the contingent consideration are recognised in profit or loss.

(iii) Loss of control

Upon the loss of control of a subsidiary, the Group derecognises the assets and liabilities of the subsidiary, any non-controlling interests and the other components of equity related to the subsidiary. Any surplus or deficit arising on the loss of control is recognised in the profit or loss. If the Group retains any interest in the previous subsidiary, then such interest is measured at fair value at the date that control is lost. Subsequently it is accounted for as an equity accounted investee or as an available-for-sale financial asset depending on the level of influence retained.

(iv) Transactions eliminated on consolidation

Intra-group balances and transactions, and any unrealised income and expenses arising from intra-group transactions, are eliminated in preparing the consolidated financial statements.

Unrealised gains arising from transactions with equity accounted associates are eliminated against the investment to the extent of the Group's interest in the associates and jointly controlled entities. Unrealised losses are eliminated in the same way as unrealised gains, but only to the extent that there is no evidence of impairment.

(b) Revenue and income recognition

Revenue is recognised to the extend that it is probable that the economic benefits will flow to the Group and the Company and the revenue can be reliably measured.

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2. Summary of significant accounting policies (continued)

(b) Revenue and income recognition (continued)

(i) Sales of goods

Revenue from sale of goods is measured at the fair value of the consideration received or receivable, net of returns and provisions, trade discounts and volume rebates.

Revenue is recognised when the significant risks and rewards of ownership have been transferred to the buyer, recovery of the consideration is probable, the associated costs and possible return of goods can be reliably estimated, and there is no continuing measurement involvement with the goods.

Revenue is not recognised to the extent where there are significant uncertainties regarding recovery of the consideration due, associated costs or the possible return of goods

(ii) Services rendered

Revenue from services rendered is recognised upon rendering of services and acceptance by customers.

(iii) Management fees

Management fees are recognised when services are rendered.

(iv) Interest income

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

(c) Employee benefits expense

(i) Short-term benefits

Wages, salaries, bonuses and social security contributions are recognised as an expense in the financial year in which the associated services are rendered by employees of the Group and the Company. Short term accumulating compensated absences such as paid annual leave are recognised when services are rendered by employees that increase their entitlement to future compensated absences, and short term non-accumulating compensated absences such as sick leave are recognised when the absences occur.

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2. Summary of significant accounting policies (continued)

(c) Employee benefits expense (continued)

(ii) Defined contribution plans

The Group's and the Company's contribution to defined contribution plans are charged to the income statement in the period to which they relate. Once the contributions have been paid, the Group and the Company has no further liability in respect of the defined contribution plans.

(d) Borrowing costs

Borrowing costs are stated at cost with any difference between cost and redemption value being recognised in the income statement over the period of the loans and borrowings using the effective interest rate method.

Borrowing are classified as current liabilities unless the Group and the Company have an unconditional right to defer settlement of the liability for at least 12 months after the balance sheet date.

(e) Income taxes

(i) Current tax

Current tax assets and liabilities are measured at the amount expected to be recovered from or paid to the taxation authorities. The tax rates and tax laws used to compute the amount are those that are enacted or substantively enacted by the reporting date.

Current taxes 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.

(ii) Deferred tax

Deferred tax is provided in full, using the liability method, on temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the financial statements.

Deferred tax liabilities are recognised for all taxable temporary differences other than those that arise from goodwill or excess of the acquirer's interest in the net fair value of the acquiree's identifiable assets, liabilities and contingent liabilities over the business combination costs or 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.

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2. Summary of significant accounting policies (continued)

(e) Income taxes (continued)

(ii) Deferred tax (continued)

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 sufficient future taxable profits will be available to allow all or part of the deferred tax assets to be utilised.

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 relating to items recognised outside profit or loss is recognised outside profit or loss. Deferred tax items are recognised in correlation to the underlying transactions either in other comprehensive income or directly in equity and deferred tax arising from a business combination is included in the resulting goodwill or excess of the acquirer's interest in the net fair value of the acquiree's identifiable assets, liabilities and contingent liabilities over the business combination costs.

(f) Impairment

(i) Impairment of financial assets

The Group and the Company assess at each reporting date whether there is any objective evidence that a financial asset is impaired.

Trade and other receivables and other financial assets carried at amortised cost.

To determine whether there is objective evidence that an impairment loss on financial assets has been incurred, the Group and the Company consider factors such as the probability of insolvency or significant financial difficulties of the debtor and default or significant delay in payments.

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2. Summary of significant accounting policies (continued)

(f) Impairment (continued)

(i) Impairment of financial asset (continued)

For certain categories of financial assets, such as trade receivables, assets that are assessed not to be impaired individually are subsequently assessed for impairment on a collective basis based on similar risk characteristics. Objective evidence of impairment for a portfolio of receivables could include the Group's and the Company's past experience of collecting payments, an increase in the number of delayed payments in the portfolio past the average credit period and observable changes in national or local economic conditions that correlate with default on receivables.

If any such evidence exists, the amount of impairment loss is measured as the difference between the asset's carrying amount and the present value of estimated future cash flows discounted at the financial asset's original effective interest rate. The impairment loss is recognised in profit or loss.

The carrying amount of the financial asset is reduced by the impairment loss directly for all financial assets with the exception of trade receivables, where the carrying amount is reduced through the use of an allowance account. When a trade receivable becomes uncollectible, it is written off against the allowance account.

If in a subsequent period, the amount of the impairment loss decreases and the decrease can be related objectively to an event occurring after the impairment was recognised, the previously recognised impairment loss is reversed to the extent that the carrying amount of the asset does not exceed its amortised cost at the reversal date. The amount of reversal is recognised in profit or loss.

(ii) Impairment of non-financial assets

The Group and the Company assesses at each reporting date whether there is an indication that an asset may be impaired. If any such indication exists, or when an annual impairment assessment for an asset is required, the Group and the Company makes an estimate of the asset's recoverable amount.

An asset's recoverable amount is the higher of an asset's fair value less costs to sell and its value in use. For the purpose of assessing impairment, assets are grouped at the lowest levels for which there are separately identifiable cash flows (cash-generating units ("CGU")).

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2. **Summary of significant accounting policies (continued)**

(f) **Impairment (continued)**

(ii) Impairment of non- financial assets (continued)

In assessing value in use, the estimated future cash flows expected to be generated by the asset are discounted to their present value 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 the carrying amount of an asset exceeds its recoverable amount, the asset is written down to its recoverable amount. Impairment losses recognised in respect of a CGU or groups of CGUs are allocated first to reduce the carrying amount of any goodwill allocated to those units or groups of units and then, to reduce the carrying amount of the other assets in the unit or groups of units on a pro-rata basis.

Impairment losses are recognised in profit or loss except for assets that are previously revalued where the revaluation was taken to other comprehensive income. In this case the impairment is also recognised in other comprehensive income up to the amount of any previous revaluation.

An assessment is made at each reporting date as to whether there is any indication that previously recognised impairment losses may no longer exist or may have decreased. A previously recognised impairment loss is reversed only if there has been a change in the estimates used to determine the asset's recoverable amount since the last impairment loss was recognised. If that is the case, the carrying amount of the asset is increased to its recoverable amount. That increase cannot exceed the carrying amount that would have been determined, net of depreciation, had no impairment loss been recognised previously. Such reversal is recognised in profit or loss unless the asset is measured at revalued amount, in which case the reversal is treated as a revaluation increase. Impairment loss on goodwill is not reversed in a subsequent period.

(g) **Property, plant and equipment**

Property, plant and equipment are stated at cost less accumulated depreciation and impairment losses, if any.

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2. Summary of significant accounting policies (continued)

(g) Property, plant and equipment (continued)

Subsequent costs are included in the asset's carrying amount or recognised as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the Group and the cost of the item can be measured reliably. The carrying amount of the replaced part is derecognised. All other repairs and maintenance costs are charged to the income statement during the financial period in which they are incurred.

Leasehold lands are revalued periodically, at least once in every 5 periods or earlier if circumstances indicate that the carrying amount may differ significantly from the market value.

Any revaluation surplus is recognised in other comprehensive income and accumulated in equity under the asset revaluation reserve, except to the extent that it reverses a revaluation decrease of the same asset previously recognised in the statement of comprehensive income, in which case the increase is recognised in the statement of comprehensive income. A revaluation deficit is recognised in the statement of comprehensive income, except to the extent that it offsets an existing surplus on the same asset carried in the asset revaluation reserve.

The revaluation surplus included in the asset revaluation reserve in respect of an asset is transferred directly to retained earnings on retirement or disposal of the asset.

Leasehold land is depreciated over lease period of 46 years. Depreciation of other property, plant and equipment is recognised so as to write off the cost of assets less their residual values over their useful lives, using the straight-line method, on the following basis:

Building	5% - 20%
Plant and machinery	10%
Furniture, fittings and office equipment	10% - 25%
Motor vehicles	20%

The carrying values of property, plant and equipment are reviewed for impairment when events or changes in circumstances indicate that the carrying value may not be recoverable.

The residual value, useful life and depreciation method are reviewed at each financial year end, and adjusted prospectively, if appropriate.

An item of property, plant and equipment is derecognised upon disposal or when no future economic benefits are expected from its use or disposal. Any gain or loss on derecognition of the asset is included in the profit or loss in the year the asset is derecognised.

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2. **Summary of significant accounting policies (continued)**

(h) Investment in subsidiaries

A subsidiary is an entity over which the Group has power to exercise control over the financial and operating policies so as to obtain benefits from its activities.

Subsidiaries are consolidated from the date of which control is transferred to the Group and are no longer consolidated from the date that control ceases.

Investment in subsidiaries, which are eliminated on consolidation, are stated at cost less accumulated impairment loss, if any, in the Company's separate financial statements.

(i) Financial assets

Financial assets are recognised in the statements of financial position when, and only when, the Group and the Company become a party to the contractual provisions of the financial instrument.

When financial assets are recognised initially, they are measured at fair value, plus, in the case of financial assets not at fair value through profit or loss, directly attributable transaction costs.

The Group and the Company determine the classification of their financial assets at initial recognition.

(i) Loans and receivables

Financial assets with fixed or determinable payments that are not quoted in an active market are classified as loans and receivables.

Subsequent to initial recognition, loans and receivables are measured at amortised cost using the effective interest method. Gains and losses are recognised in profit or loss when the loans and receivables are derecognised or impaired, and through the amortisation process.

Loans and receivables are classified as current assets, except for those having maturity dates later than 12 months after the reporting date which are classified as non-current.

2. **Summary of significant accounting policies (continued)**

(i) **Financial assets (continued)**

(ii) Available-for-sale financial assets

Available-for-sale financial assets are financial assets that are designated as available for sale or are not classified in any of the three preceding categories.

After initial recognition, available-for-sale financial assets are measured at fair value. Any gains or losses from changes in fair value of the financial assets are recognised in other comprehensive income, except that impairment losses, foreign exchange gains and losses on monetary instruments and interest calculated using the effective interest method are recognised in profit or loss. The cumulative gain or loss previously recognised in other comprehensive income is reclassified from equity to profit or loss as a reclassification adjustment when the financial asset is derecognised. Interest income calculated using the effective interest method is recognised in profit or loss. Dividends on an available-for-sale equity instrument are recognised in profit or loss when the Group and the Company's right to receive payment is established.

Investments in equity instruments whose fair value cannot be reliably measured are measured at cost less impairment loss.

Available-for-sale financial assets are classified as non-current assets unless they are expected to be realised within 12 months after the reporting date.

A financial asset is derecognised when the contractual right to receive cash flows from the asset has expired. On derecognition of a financial asset in its entirety, the difference between the carrying amount and the sum of the consideration received and any cumulative gain or loss that had been recognised in other comprehensive income is recognised in profit or loss.

(j) **Inventories**

Inventories are valued at the lower of cost and net realisable value. Cost is determined on the weighted average method.

The cost of raw materials and consumables represents the original purchase price plus cost incurred in bringing the inventories to their present location. The cost of finished goods comprises the costs of raw materials, direct labour and a proportion of plantation overheads.

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2. **Summary of significant accounting policies (continued)**

(j) **Inventories (continued)**

Net realisable value represents the estimated selling price in the ordinary course of business less selling and distribution costs and all other estimated costs to completion.

(k) **Cash and cash equivalents**

The Group and the Company adopts the indirect method in the preparation of the statement of cash flows.

Cash and cash equivalents comprise cash at bank and on hand, demand deposits which are not pledged and highly liquid investments which are readily convertible to known amount of cash and which are subject to an insignificant risk of changes in value.

(l) **Assets classified as held for sale**

Non-current assets and disposal groups are classified as held for sale if their carrying amount will be recovered through a sale transaction rather than through continuing use. This condition is regarded as met only when the sale is highly probable and the asset (or disposal group) is available for immediate sale in its present condition. Management must be committed to the sale, which should be expected to qualify for recognition as a completed sale within one year from the date of classification.

Non-current assets (and disposal groups) classified as held for sale are measured at the lower of the assets' previous carrying amount and fair value less costs to sell.

(m) **Financial liabilities**

Financial liabilities are classified according to the substance of the contractual arrangements entered into and the definitions of a financial liability.

Financial liabilities, within the scope of MFRS 139, are recognised in the statement of financial position when, and only when, the Group and the Company become a party to the contractual provisions of the financial instrument. Financial liabilities are classified as either financial liabilities at fair value through profit or loss or other financial liabilities.

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2. **Summary of significant accounting policies (continued)**

(m) Financial liabilities (continued)

The subsequent measurements of financial liabilities depend on their classification as follows:

(i) Financial liabilities at fair value through profit or loss

Financial liabilities at fair value through profit or loss include financial liabilities held for trading and financial liabilities designated upon initial recognition as at fair value through profit or loss.

Financial liabilities held for trading include derivatives entered into by the Company that do not meet the hedge accounting criteria. Derivative liabilities are initially measured at fair value and subsequently stated at fair value, with any resultant gains or losses recognised in profit or loss. Net gains or losses on derivatives include exchange differences.

The Company have not designated any financial liabilities as at fair value through profit or loss.

(ii) Other financial liabilities

The Group's and the Company's other financial liabilities include trade payables, non-trade payables, amount due to related parties, holding company and loans and borrowings.

Trade payables, non-trade payables, amount due to related companies, amount due to subsidiary, holding company and loans and borrowings are recognised initially at fair value plus directly attributable transaction costs and subsequently measured at amortised cost using the effective interest method.

Loans and borrowings are recognised initially at fair value, net of transaction costs incurred, and subsequently measured at amortised cost using the effective interest method. Borrowings are classified as current liabilities unless the Group and the Company have an unconditional right to defer settlement of the liability for at least 12 months after the reporting date.

For other financial liabilities, gains and losses are recognised in profit or loss when the liabilities are derecognised, and through the amortisation process.

2. Summary of significant accounting policies (continued)

(m) Financial liabilities (continued)

A financial liability is derecognised when the obligation under the liability is extinguished. When an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, such an exchange or modification is treated as a derecognition of the original liability and the recognition of a new liability, and the difference in the respective carrying amounts is recognised in profit or loss.

(n) Equity instrument

Ordinary shares are classified as equity. Dividends on ordinary shares are recognised in equity in the period in which they are declared and approved by the shareholders.

The transactions costs of an equity transaction are accounted for as a deduction from equity, net of tax. Equity transaction costs comprise only those incremental external costs directly attributable to the equity transaction which would otherwise have been avoided.

The consideration paid, including attributable transaction costs on repurchased ordinary shares of the Company, are classified as treasury shares and presented as a deduction from equity. No gain or loss is recognised in the profit or loss on the sale, reissuance or cancellation of treasury shares. When treasury shares are issued by resale, the difference between the sales consideration and the carrying amount is recognised in equity.

(o) Provisions

Provisions are recognised when the Group has a present obligation (legal or constructive) as a result of a past event, it is probable that an outflow of economic resources will be required to settle the obligation and the amount of the obligation can be estimated reliably.

Provisions are reviewed at each reporting date and adjusted to reflect the current best estimate. If it is no longer probable that an outflow of economic resources will be required to settle the obligation, the provision is reversed. If the effect of the time value of money is material, provisions are discounted using a current pre-tax rate that reflects, where appropriate, the risks specific to the liability. When discounting is used, the increase in the provision due to the passage of time is recognised as a finance cost.

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2. **Summary of significant accounting policies (continued)**

(p) Financial guarantee contracts

A financial guarantee contract is a contract that requires the issuer to make specified payments to reimburse the holder for a loss it incurs because a specified debtor fails to make payment when due.

A financial guarantee contract is considered a contingent liability in accordance with MFRS 4 *Insurance Contracts*.

(q) Foreign currencies

(i) Functional and presentation currency

The individual financial statements of the Group are measured using the currency of the primary economic environment in which the entity operates ("the functional currency"). The financial statements are presented in Ringgit Malaysia (RM), which is also the Group's functional currency.

(ii) Transactions and balances

Foreign currency transactions are translated into the functional currency using the exchange rates prevailing at the dates of the transactions. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation at year-end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognised in the profit or loss.

(r) Contingencies

A contingent liability or asset is a possible obligation or asset that arises from past events and whose existence will be confirmed only by the occurrence or non-occurrence of uncertain future event(s) not wholly within the control of the Group.

Contingent liabilities and assets are not recognised in the statements of financial position of the Group.

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3. Revenue

(i) Sales of goods

Revenue represents the invoiced value of goods sold less discounts and returns.

(ii) Services rendered

Revenue from services rendered is recognised upon rendering of services and acceptance by customers.

(iii) Management fees

Management fees are recognised when services are rendered.

4. Employee benefits expense

	Group 2012 RM	Group 2011 RM	Company 2012 RM	Company 2011 RM
(a) Staff costs				
(i) Direct staff costs				
Salaries, wages, allowances and overtime	971,507	157,232	-	-
Contributions to defined contribution plan	93,029	7,753	-	-
Social security contributions	6,309	1,010	-	-
	1,070,845	165,995	-	-
(ii) Admin staff costs				
Salaries, wages, allowances and overtime	231,097	247,973	151,500	100,103
Contributions to defined contribution plan	20,777	25,047	15,948	9,156
Social security contributions	1,050	1,684	465	465
	252,924	274,704	167,913	109,724
	1,323,769	440,699	167,913	109,724
(b) Directors' remuneration				
Salaries, allowances and other emoluments	108,000	130,369	108,000	130,369
Contribution to defined contribution plan	10,800	13,548	10,800	13,548
Social security contributions	930	361	930	361
	119,730	144,278	119,730	144,278
Total employee benefits expense	1,443,499	584,977	287,643	254,002

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4. Employee benefits expense (continued)

	Group 2012 RM	Group 2011 RM	Company 2012 RM	Company 2011 RM
Executive directors:				
Salaries, allowances and other emoluments	96,000	130,369	96,000	130,369
Contribution to defined contribution plan	10,800	13,548	10,800	13,548
Social security contributions	930	361	930	361
	107,730	144,278	107,730	144,278
Non executive directors:				
Allowances	12,000	-	12,000	-
	119,730	144,278	119,730	144,278

The total number of employees of the Group and of the Company at the end of the financial year is 23 and 3 (2011: 5 and 2) respectively.

5. Profit/(loss) from operations

	Group 2012 RM	Group 2011 RM	Company 2012 RM	Company 2011 RM
Profit/(loss) from operations is arrived at after charging/(crediting):				
Audit fee				
- current year	37,000	37,400	16,000	17,000
- special audit/other services	15,000	15,000	15,000	3,000
- over provision in prior year	(12,000)	-	-	-
Depreciation of property, plant and equipment	81,551	274,040	-	-
Amortisation of				
- other financial asset	149	241,008	-	-
- plantation development expenditure	-	243,570	-	-
Interest income on				
- other financial asset carried at amortised cost	(142,161)	-	-	-
- short-term deposits	(239)	(1,605)	-	-

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5. Profit/(loss) from operations (continued)

	Group		Company	
	2012	2011	2012	2011
	RM	RM	RM	RM
Profit/(loss) from operations is at arrived after charging/(crediting):				
Inventories written down to net realisable value	-	907,330	-	-
Gain on disposal of				
- assets classified as held for sale	-	(583,741)	-	-
- property, plant and equipment	-	(67,629)	-	-
- subsidiaries	-	(211,663)	-	-
Employee benefits expense (Note 4)	1,443,499	584,977	287,643	254,002
Rental of premises	75,000	28,152	-	-
Net waiver of debts owing by				
- subsidiaries	-	-	-	3,453,588
- others	-	82,159	-	-
Waiver of bank borrowings	(5,075)	-	-	-
Written off of				
- deposits	-	(30,115)	-	-
- inventories	-	5,253,258	-	-
- property, plant and equipment	-	1,788,524	-	-
- plantation development expenditure	-	3,885,304	-	-
Loss on foreign exchange				
- realised	-	496	-	-
- unrealised	-	1,616	-	-

6. Finance costs

	Group	
	2012	2011
	RM	RM
Interest on:		
Bank overdrafts	-	15,772
Bankers' acceptance	100,448	218,890
Term loans	263,072	462,624
Hire purchase	43,326	6,790
	406,846	704,076

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7. Tax expense

	Group		Company	
	2012	**2011**	**2012**	**2011**
	RM	**RM**	**RM**	**RM**
Current tax				
(Current year provision)	51,000	-	-	-
Reconciliation of effective tax rate				
Profit/(loss) before tax	3,911,618	(14,081,052)	97,263	(4,240,566)
Income tax using Malaysia tax rate of 25% (2011 : 25%)	977,904	(3,520,263)	24,316	(1,060,142)
Non-deductible expenses	249,346	2,335,607	215,297	1,060,142
Non-taxable income	(113,646)	(374,872)	(259,282)	-
Deferred tax assets not recognised	19,669	1,559,738	19,669	-
Double deduction	-	(210)	-	-
Utilisation of deferred tax assets not previously recognised	(1,082,273)	-	-	-
Tax expense for the year	51,000	-	-	-

Subject to the agreement with the tax authority, the Group and the Company have unutilised tax losses and unabsorbed capital allowances as follows:

	Group		Company	
	2012	**2011**	**2012**	**2011**
	RM	**RM**	**RM**	**RM**
Unutilised tax losses	(16,818,133)	(21,222,081)	(78,677)	-
Unabsorbed capital allowances	(3,309,540)	(3,309,540)	-	-
	(20,127,673)	(24,531,621)	(78,677)	-

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8. Basic average earnings/(loss) per ordinary share

Basic average earnings/(loss) per ordinary share for the financial year is calculated by dividing the profit/(loss) for the financial year attributable to ordinary shareholders of the Group by the weighted average number of ordinary shares outstanding during the financial year held by the Group, calculated as follows:

	Group	
	2012	2011
Earnings/(loss) for the year attributable for equity holders of the Company (RM)	3,860,618	(14,081,052)
Weighted average number of ordinary shares in issue (units)	235,008,000	235,008,000
Basic earnings/(loss) per share (sen)	1.64	(5.99)

Diluted earnings/(loss) per ordinary share are not presented as there are no dilutive potential ordinary shares outstanding during the financial year.

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9. **Property, plant and equipment**

2012	Leasehold land RM	Office equipment RM	Total RM
Cost/ revaluation			
At 1 January	-	-	-
Additions	-	14,988	14,988
Reclassification from held for sale (Note 17)	3,253,796	-	3,253,796
Revaluation	1,822,495	-	1,822,495
At 31 December	5,076,291	14,988	5,091,279
Representing:			
At cost	-	14,988	14,988
At valuation	5,076,291	-	5,076,291
At 31 December	5,076,291	14,988	5,091,279
Accumulated depreciation			
At 1 January	-	-	-
Reclassification from held for sale (Note17)	176,291	-	176,291
Charge for the year	79,303	2,248	81,551
At 31 December	255,594	2,248	257,842
Carrying amount			
At cost	-	12,740	12,740
At valuation	4,820,697	-	4,820,697
At 31 December	4,820,697	12,740	4,833,437

The leasehold lands were reclassified from asset held for sale during the financial year. The leasehold lands have been revalued on 29 March 2012 based on valuations performed by Teoh Leong Seng, a valuer from Henry Butcher Malaysia (Johore) Sdn. Bhd.. The firm is an independent firm of professional valuers, and the valuation was arrived at using the "comparison method" of valuation.

At 31 December 2012, the leasehold lands with the carrying amount of RM4,820,697 (31 December 2011: RM3,077,505) are subject to a registered debenture to secure bank loans granted to the Company.

On 28 February 2013, the Group entered into sale and purchase agreement to dispose of the leasehold lands for a total consideration of RM4,906,315.

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9. Property, plant and equipment (continued)

2011	Building RM	Plant and machinery RM	Furniture, fittings and office equipment RM	Motor vehicles RM	Total RM
At cost					
At 1 January	1,086,097	3,624,977	296,802	7,850	5,015,726
Disposals/write-off	(1,086,097)	(3,624,997)	(296,802)	(7,850)	(5,015,726)
At 31 December	-	-	-	-	-
Accumulated depreciation					
At 1 January	536,419	2,171,454	203,225	7,844	2,918,942
Charge for the year	42,113	221,077	10,850	-	274,040
Disposals/write-off	(578,532)	(2,392,531)	(214,075)	(7,844)	(3,192,982)
At 31 December	-	-	-	-	-
Carrying amount					
At 31 December	-	-	-	-	-

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10. Plantation development expenditure

	Group 2012 RM	Group 2011 RM
At cost:		
At 1 January	-	7,824,812
Written off during the year	-	(7,824,812)
At 31 December	-	-
Accumulated amortisation:		
At 1 January	-	2,796,463
Charge for the year (Note 5)	-	243,570
Written off during the year	-	(3,040,033)
At 31 December	-	-
Accumulated impairment losses:		
At 1 January	-	899,475
Written off during the year	-	(899,475)
At 31 December	-	-
	-	-

11. Investment in subsidiaries

	Company 2012 RM	Company 2011 RM
Unquoted shares at cost	17,500,806	17,500,806
Acquisition during the financial year	99,998	-
	17,600,804	17,500,806
Less: allowance for impairment	(17,500,802)	(17,500,802)
Carrying amount	100,002	4

Movement in the allowance for impairment

	Company 2012 RM	Company 2011 RM
At 1 January	17,500,802	17,638,302
Reversal for the year due to disposal	-	(137,500)
At 31 December	17,500,802	17,500,802

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11. Investment in subsidiaries (continued)

The details of the subsidiaries are as follows:

Name of companies	Place of incorporation	Percentage equity held 2012	Percentage equity held 2011	Principal activities
# Ideal Property Concept Sdn. Bhd. ("IPC")	Malaysia	100%	100%	Provision of project management services
# Ideal Property Legacy Sdn. Bhd. (Formerly known as Equator MO Sdn. Bhd.)	Malaysia	100%	100%	Dormant
# Equator TC Sdn. Bhd.	Malaysia	100%	100%	Dormant
# Ideal Property BPO Sdn. Bhd.	Malaysia	100%	100%	Sales of ornamental plants, project management services
# Ideal Consortium Sdn.Bhd.	Malaysia	100%	100%	Dormant

The auditors' reports on the financial statements of these subsidiaries have been modified with an emphasis of matter due to uncertainties on its ability to continue as a going concern.

The above subsidiaries are audited by PKF Malaysia.

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11. Investment in subsidiaries (continued)

During the financial year 2011, the Group disposed of its 55% equity interest in Biosmart Sdn. Bhd.. The net liabilities as of the date of disposal and as of the balance sheet date were as follows:

	2011	
	At date of disposal RM	**31 December 2010 RM**
Property, plant and equipment	-	1,017,555
Inventories	148,432	168,600
Trade receivables	1,380,969	1,452,303
Non- trade receivables and prepaid expenses	1,520	1,520
Amount owing by related company	-	634,860
Cash and bank balances	8,982	40,959
Trade payables	(1,676,873)	(1,775,828)
Non-trade payables and accrued expenses	(74,691)	(237,056)
Amount owing to holding company	-	(3,450,147)
Hire purchase payables	-	(817,046)
Net liabilities disposed	(211,661)	(2,964,280)
Gain on disposal of subsidiary	211,663	
Total consideration satisfied by cash	2	
Net cash inflow/(outflow) arising on disposal:		
Cash consideration received	2	
Cash and bank balances disposed off	(8,982)	
	(8,980)	

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12. Other financial asset

	Group 2012 RM	Group 2011 RM
Other financial asset	1,543,743	2,111,695
Amortisation (Note 5)	(241,157)	(241,008)
Receivable carried at amortised cost	1,302,586	1,870,687
Current	1,302,586	864,607
Non-current	-	1,006,080
	1,302,586	1,870,687

For 2011, the receivable was expected to be repaid over a period of 2 years by yearly instalments of RM1.5 million commencing on or before 31 December 2011 and is secured by landed properties acquired by Monstera Sdn. Bhd.. However, the repayment period has been extended for another 2 years by yearly instalments of approximately RM1 million due to cash flow constraints of Monstera Sdn. Bhd.. The receivable is stated at an amortised cost of RM1,302,586 as at 31 December 2012.

13. Inventories

	Group 2012 RM	Group 2011 RM
At net realisable value :		
Finished goods	617,010	923,850

14. Trade receivables

	Group 2012 RM	Group 2011 RM
Trade receivables	2,036,514	367,868
Less : Allowance for impairment	(122,133)	(122,133)
	1,914,381	245,735

Movement in the allowance for impairment:

	Group 2012 RM	Group 2011 RM
At 1 January	122,133	168,023
Reversal for the year due to disposal of subsidiary	-	(45,890)
At 31 December	122,133	122,133

The normal trade credit term is 90 days (2011: 30 days). Other credit terms are assessed and approved on a case by case basis.

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15. Non-trade receivables

	Group		Company	
	2012 RM	2011 RM	2012 RM	2011 RM
Non-trade receivables	21,534	46,368	7,555	7,555
Deposits and prepayments	16,720	54,720	-	15,000
Amount owing by subsidiaries	-	-	6,711,552	8,294,793
	38,254	101,088	6,719,107	8,317,348

Movement in the allowance for impairment:

	Group	
	2012 RM	2011 RM
Balance as at beginning of the year	-	118,230
Amount written off during the year as uncollectible	-	(43,730)
Reversal for the year due to disposal of subsidiary	-	(74,500)
	-	-

The carrying amount of non-trade receivables, deposits and prepayments approximate their fair values due to the relatively short term nature of these financial assets.

Amount owing by subsidiaries are unsecured, non-interest bearing and are repayable on demand.

Significant related party transactions are disclosed in Note 26 to the financial statements.

16. Short-term deposit with licensed banks

As of 31 December 2012, the short-term deposit carries interests at a rate of 2.00% per annum. The short-term deposit is maturing on January 2013.

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17. Assets classified as held for sale

	Group 2012 RM	Group 2011 RM
Cost		
Property, plant and equipment	-	1,320,550
Prepaid lease payments on leasehold land	3,253,796	4,950,208
Reclassified/ disposal during the financial year	(3,253,796)	(3,016,962)
	-	3,253,796
Accumulated amortisation on prepaid leasehold land		
At 1 January	176,291	268,180
Reclassified during the financial year	(176,291)	(91,889)
At 31 December	-	(176,291)
	-	3,077,505

Prepaid lease payments relate to the lease of land of the Group which are located in Johor, Malaysia. These leases will expire in 2068.

The leasehold lands are charged to banks for bank borrowings granted to the Group and the Company as disclosed in Note 21 to the financial statements.

During the financial year, the leasehold lands were reclassified to property, plant and equipment.

18. Share capital

	2012 Number of ordinary shares	2011 Number of ordinary shares	2012 RM	2011 RM
Ordinary shares of RM0.10 each				
Authorised:				
At 1 January/ 31December	500,000,000	500,000,000	50,000,000	50,000,000
Issued and fully paid:				
At 1 January/ 31December	235,008,000	235,008,000	23,500,800	23,500,800

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19. Reserves

	Group		Company	
	2012 RM	2011 RM	2012 RM	2011 RM
Non-distributable reserves:				
Share premium	22,026,619	22,026,619	22,026,619	22,026,619
Revaluation reserve	1,366,871	-	-	-
Accumulated losses	(44,707,264)	(48,567,882)	(39,516,576)	(39,613,839)
	(21,313,774)	(26,541,263)	(17,489,957)	(17,587,220)

Share premium

Share premium of the Group and of the Company arose mainly from the allotment of ordinary shares at a premium, net of share issue expenses.

Revaluation reserve

The revaluation reserve relates to the revaluation of leasehold land, net of deferred tax.

20. Deferred tax liabilities

	Group	
	2012 RM	2011 RM
At 1 January	-	-
Deferred tax liabilities on revaluation reserve	455,624	-
At 31 December	455,624	-

Deferred tax assets have not been recognised in respect of following items:

	Group		Company	
	2012 RM	2011 RM	2012 RM	2011 RM
Unutilised tax losses	16,818,133	21,222,081	78,677	-
Unabsorbed capital allowances	3,309,540	3,309,540	-	-
	20,127,673	24,531,621	78,677	-

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21. Borrowings

	2012 RM	2011 RM
Non-current		
Term loans	3,819,431	-
Current		
Term loans	890,335	2,528,732
Bankers' acceptance	-	2,000,000
	890,335	4,528,732
	4,709,766	4,528,732

The restructured term loans is repayable at the following terms:

	Total number of installments	Amount per installment (all interest inclusive) RM	Commencement date
60 equal monthly instalment		105,004	September 2012

During year 2011, IPC had defaulted in the repayment of the bank borrowings and has been informed by the banks for the recovery of the principal, interest and other costs. Accordingly, the entire bank borrowings have been classified as current liabilities.

IPC had in September 2012 accepted the offer from the bank on the restructured term loan to regularise the facility outstanding into new term loan of RM5,311,105.

The average effective interest rates are as follows:

	2012 %	2011 %
Term loans	7.85	9.95
Bankers' acceptance	-	9.95

The bank borrowings are secured by way of:
(a) pledge over leasehold lands.
(b) facility agreement of RM5,100,000 as principle instruments and
(c) corporate guarantee of the holding company.

22. Trade payables

The normal trade credit terms granted to the Group range from 30 to 60 days (2011 : 30 to 60 days). Other credit terms are assessed and approved on a case by case basis.

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23. Non-trade payables

	Group		Company	
	2012	**2011**	**2012**	**2011**
	RM	**RM**	**RM**	**RM**
Non-trade payables	362,554	1,183,761	130,763	241,362
Accrued expenses	580,042	1,129,206	117,357	130,162
Amount owing to related company	580,152	1,123,739	573,468	1,000,820
	1,522,748	3,436,706	821,588	1,372,344

Non-trade payables are non-interest bearing and are expected to be settled within 1 year.

Amounts owing to related company is unsecured, non-interest bearing and are repayable on demand.

Significant related party transactions are disclosed in Note 26 to the financial statements.

24. Hire purchase payables

	Group	
	2012	**2011**
	RM	**RM**
Total outstanding	817,046	817,046
Less: Interest-in-suspense outstanding	-	-
Principal outstanding	817,046	817,046
Less : Amount due within 12 months (shown under current liabilities)	(817,046)	(817,046)
Non-current portion	-	-

IPC has defaulted in the repayment of hire purchase installments and legal action has been instituted by the lease creditor for the recovery of the principal, interest and other costs as disclosed in Note 29 to the financial statements. The hire purchase payables have been transferred from the disposed subsidiary to IPC during the financial year 2011.

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24. Hire purchase payables (continued)

The High Court of Johore Bahru had on 9 January 2012 dismissed the claim of the lease creditor. However, lease creditor has filed an appeal to Appeal Court on 1 February 2012. No date has been fixed yet for the Hearing of Appeal. The Company and IPC still in the midst of negotiation with lease creditor for settlement of the outstanding amount. Accordingly, the entire hire purchase have been classified as current liabilities.

The average effective interest rate was 9.07% (2011 : 9.07%) per annum.

25. Provision

	Company	
	2012 RM	2011 RM
Provision for contingent loss	-	1,037,126

The provision for contingent loss related to a financial guarantee contract of the Company for a defaulted loan granted to a subsidiary as mentioned in Note 21 to the financial statements.

26. Significant related parties disclosures

(a) The Group and the Company have related party transactions and balances with the following companies:

Name of related party	Type of transactions	Transaction value 2012 RM	2011 RM
With subsidiaries:			
Ideal Property Concept Sdn. Bhd.	Management fee	146,113	-
Ideal Property BPO Sdn. Bhd.	Management fee	146,113	-
Biosmart Sdn. Bhd.	Waive of debts	-	3,453,558
With related party			
# Ideal Property Development Sdn. Bhd.	Rental of office	75,000	-

The Directors are of the opinion that these transactions have been entered into the normal course of business and are based on normal trade terms. The entire amounts outstanding are unsecured and expected to be settled with cash.

The significant balances with related parties are disclosed in Note 15 and 23 to the financial statements.

26. Significant related parties disclosures (continued)

(a) Related parties and their relationship with the Group and the Company are disclosed in Note 11 to the financial statements.

Related party in which the Directors of the Company have interest.

(b) Transactions with directors and key management personnel

There are no other transactions with the Directors and key management personnel of the Group and of the Company other than the remuneration package in accordance with the terms and conditions of their appointment as disclosed in Note 4 to the financial statements.

27. Financial instruments

Financial risk management objectives and policies

The Group is exposed to financial risks arising from their operations and the use of financial instruments. The key financial risks include credit risk, liquidity risk, interest rate risk and foreign currency risk.

The Group's financial risk management policy seeks to ensure that adequate financial resources are available for the development of the Group's businesses whilst managing its credit risk, liquidity risk, interest rate risk and foreign currency risk.

The following sections provide details regarding the Group's exposure to the above-mentioned financial risks and the objectives, policies and processes for the management of these risks.

Credit risk

The Group's exposure to credit risk, or the risk of counterparties defaulting, arises mainly from trade receivables, non-trade receivables and bank balances. The Group manages its exposure to credit risk by the application of credit approvals, credit limits and monitoring procedures on an ongoing basis. For other financial assets (including unquoted investments, cash and bank balances), the Group minimises credit risk by dealing exclusively with high credit rating counterparties.

The Group establishes an allowance for impairment that represents its estimate of incurred losses in respect of the trade receivables as appropriate. The main components of this allowance are a specific loss component that relates to individually significant exposures, and a collective loss component established for groups of similar assets in respect of losses that have been incurred but not yet identified. Impairment is estimated by management based on prior experience and the current economic environment.

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27. **Financial instruments (continued)**

Financial risk management objectives and policies (continued)

Credit risk (continued)

Credit risk concentration profile

The Group's major concentration credit risk relates to the amount owing by 1 customer which constituted approximately 40% of its trade receivables as at the end of the reporting period.

Exposure to credit risk

As the Group does not hold any collateral, the maximum exposure to credit risk is represented by the carrying amount of the financial assets as at the end of the reporting period.

Ageing analysis refer report

The ageing analysis of the Group's trade receivables as at 31 December 2012 is as follows:

Group	Gross amount RM	Collective impairment RM	Carrying value RM
2012			
Not past due	1,390,600	-	1,390,600
Past due:			
- 1 - 30 days	500	-	500
- 31 - 60 days	305,347	-	305,347
- more than 90 days	340,067	(122,133)	217,934
	2,036,514	(122,133)	1,914,381
2011			
Past due:			
- more than 30 days	367,868	(122,133)	245,735

At the end of the reporting period, trade receivables that are individually impaired were those in significant financial difficulties and have defaulted on payments. These receivables are not secured by any collateral or credit enhancement.

The collective impairment allowance is determined based on estimated irrecoverable amounts from the sale of goods, determined by reference to past default experience.

27. Financial instruments (continued)

Financial risk management objectives and policies (continued)

Credit risk (continued)

Trade receivables that are neither past due nor impaired

A significant portion of trade receivables that are neither past due nor impaired are regular customers that have been transacting with the Group. The Group use ageing analysis to monitor the credit quality of the trade receivables. Any receivables having significant balances past due or more than 90 days, which are deemed to have higher credit risk, are monitored individually.

Trade receivables that are past due but not impaired

The Group believes that no impairment allowance is necessary in respect of these trade receivables. They are substantially companies with good collection track record and no recent history of default.

Foreign currency risk

The Group are not exposed to any significant foreign currency risk. The Group does not speculate in foreign currencies.

Interest rate risk

The Group is exposed to interest rate risk which is the risk that the value of a financial instrument will fluctuate due to changes in market interest rates. Exposure to interest rate risk relates primarily to interest bearing borrowings.

The policy of the Group is to borrow on fixed/floating rate basis to finance capital expenditure/operations. The Group does not hedge its interest rate risk. The Group has a policy to ensure that the interest rates obtained are competitive under most favorable terms and conditions.

Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates.

The Group's exposure to interest rate risk arises mainly from interest-bearing financial assets and liabilities. The Group's policy is to obtain the most favourable interest rates available. Any surplus funds of the Group will be placed with licensed financial institutions to generate interest income.

Information relating to the Group's exposure to the interest rate risk of the financial liabilities is disclosed in their respective notes to the financial statements.

The interest rate risk that financial instruments' value will fluctuate as a result of changes in market interest rates and the effective interest rates on classes of financial assets and liabilities exposed to interest rate risk are as follows:

27. Financial instruments (continued)

Financial risk management objectives and policies (continued)

Interest rate risk (continued)

Interest rate risk sensitivity analysis

The following table details the sensitivity analysis to a reasonably possible change in the interest rates as at the end of the reporting period, with all other variables held constant:

	Group	
	2012	2011
	Increase / (decrease)	Increase / (decrease)
	RM	RM
Effects on loss after taxation		
Increase of 10 basis points (bp)	4,710	4,529
Decrease of 10 bp	(4,710)	(4,529)
Effects on equity		
Increase of 10 bp	3,532	4,529
Decrease of 10 bp	(3,532)	(4,529)

Liquidity risk

The Group seeks to maintain optimum levels of liquidity at all times, sufficient for its operating, investing and financing activities.

The policy is to ensure that through efficient working capital management (accounts receivable and accounts payable management), the Group is able to convert its current assets into cash to meet all demands for payments as and when they fall due.

Owing to the nature of its business, the Group seeks to maintain sufficient credit lines available to meet its liquidity/contingent funding requirement while ensuring effective working capital management.

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27. Financial instruments (continued)

Financial risk management objectives and policies (continued)

Liquidity risk (continued)

Maturity analysis

Group	Less than 1 year RM	After 1 year to 5 years RM	Total RM	Average effective interest rate %
2012				
Fixed rate				
Hire purchase payables	817,046	-	817,046	9.07
Floating rate				
Term loans	890,335	3,819,431	4,709,766	7.85
	1,707,381	3,819,431	5,526,812	

Group	Less than 1 year RM	After 1 year to 5 years RM	Total RM	Average effective interest rate %
2011				
Fixed rate				
Hire purchase payables	817,046	-	817,046	9.07
Floating rate				
Bankers' acceptances	2,000,000	-	2,000,000	9.95
Term loans	2,528,732	-	2,528,732	9.95
	5,345,778	-	5,345,778	

Fair value

In respect of financial instruments classified under current assets and current liabilities, the carrying amounts approximate fair value due to relatively short term of these financial instruments.

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28. Capital management

The Group manages its capital to ensure that entities within the Group will be able to maintain an optimal capital structure so as to support their businesses and maximise shareholder(s) value. To achieve this objective, the Group may make adjustments to the capital structure in view of changes in economic conditions, such as adjusting the amount of dividend payment, returning of capital to shareholders or issuing new shares.

The Group manages its capital based on debt-to-equity ratio. The Group's strategies were unchanged from the previous financial year. The debt-to-equity ratio is calculated as net debt divided by total capital. Net debt is calculated as borrowings plus trade and non-trade payables less cash and cash equivalents. Total capital is calculated as total equity plus net debt.

The debt-to-equity ratio of the Group as at the end of the reporting period was as follows:

Group	**2012 RM**	**2011 RM**
Hire purchase payables	817,046	817,046
Borrowings	4,709,766	4,528,732
Trade payables	510,330	520,519
Non-trade payables	1,522,748	3,436,706
Total debt	7,559,890	9,303,003
Less: cash and cash equivalents	(1,546,172)	(41,975)
Net debt	6,013,718	9,261,028
Total equity	2,187,026	(3,040,463)
Total capital	8,200,744	6,220,565
Gearing ratio	0.73	1.49

29. Significant events

(i) Default on borrowings

The Group and the Company have accumulated losses of RM44,707,264 and RM39,516,576 of 31 December 2012 which resulted from losses sustained in prior years. In the prior year, the Company and IPC have defaulted on their borrowings and the interest payment obligations as disclosed in Notes 21 and 24 to the financial statements.

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29. Significant events (continued)

(i) Default on borrowings (continued)

Malayan Banking Berhad ("MBB")

On March 2012, IPC received a Writ of Summons filed by MBB concerning a claim of an outstanding amount RM98,841. MBB, vide its letter dated 3 September 2012, had confirmed that the outstanding debt with MBB has been settled via the full and final settlement arrangement entered into on 25 August 2012.

RHB Bank Berhad ("RHB")

RHB, vide its letter dated 3 September 2012, had restructured the previously defaulted bank borrowings into a new term loan amounting to RM5,311,105, with a monthly repayment of RM105,004 over a 5 years period.

Arising from the above, IPC is no longer in default on the MBB and RHB borrowings. The remaining claim is in respect of Orix Credit Malaysia Sdn. Bhd. ("ORIX") for a sum of RM1,081,647, of which further details are set out in item (iii) below.

(ii) Regularisation Plan

The Group has embarked on formularising a proposed regularisation plan which includes fund raising and restructuring on the defaulted principal and interest repayments and achieve profitable business operations in the new business venture with the continued support from its shareholders, bankers and creditors.

(iii) Material Litigation

As at the date of this report, the Group was not engaged in any material litigation either as plaintiff or defendant and the Directors do not have any knowledge of any proceedings pending or threatened against the Group, except for the following:

The Company and IPC have been presented a Writ of Summons by ORIX on 15 April 2009 to the High Court of Johore Bahru and which have been served to the Company and IPC on 18 May 2009, with IPC and the Company were named as the First and Second Defendant respectively by ORIX to claim the repayment of sums of RM1,081,647 including interest, legal costs, scale cost and other damages deem fit by the Court.

The High Court of Johore Bahru had on 9 January 2012 dismissed the claim of ORIX against the Company and IPC. ORIX has filed an appeal to Appeal Court in Putrajaya on 1 February 2012. The Company and IPC will seek further legal advice in due course and negotiate with the Plaintiff to restructure the debt. In addition, the Company and IPC will maintain efforts to realise its assets to settle its debts.

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NOTES TO THE FINANCIAL STATEMENTS AT 31 DECEMBER 2012

30. Subsequent events

On 28 February 2013, IPC, a wholly-owned subsidiary and Drilmaco Sdn. Bhd. have entered into a sale and purchase agreement to dispose of 2 parcels of leasehold industrial land for total consideration of RM4,906,315.

31. Supplementary information – breakdown of accumulated losses into realised and unrealised

The breakdown of the accumulated losses of the Group and of the Company as at 31 December 2012 into realised and unrealised loss is presented in accordance with the directive issued by Bursa Malaysia Securities Berhad dated 25 March 2011 and prepared in accordance with Guidance on Special Matter No. 1, *Determination of Realised and Unrealised Profits or Losses in the Context of Disclosure Pursuant to Bursa Malaysia Securities Berhad Listing Requirements*, as issued by the Malaysian Institute of Accountants.

	Group		Company	
	2012 RM	2011 RM	2012 RM	2011 RM
Total accumulated losses of the Group and of the Company				
- Realised	(44,442,664)	(48,346,608)	(39,516,576)	(39,613,839)
- Unrealised	(264,600)	(221,274)	-	-
Accumulated losses as per consolidated statements of financial position	(44,407,264)	(48,567,882)	(39,516,576)	(39,613,839)

32. General information

The Company is a public limited liability company that is incorporated and domiciled in Malaysia, is listed on the ACE Market of Bursa Malaysia Securities Berhad.

The registered office is located at Suite 12-02, 12th Floor, Menara Zurich, 170 Jalan Argyll, 10050 Penang.

The principal place of business is located at 71-2 Ideal @ The One, Jalan Mahsuri, 11900 Bayan Lepas, Pulau Pinang.

The Company is an investment holding company and provision of management administrative service to its subsidiaries. The principal activities of its subsidiaries are as disclosed in Note 11 to the financial statements. There have been no significant changes in the nature of these activities during the financial year.

The financial statements were approved and authorised for issue by the board of Directors on 19 APR 2013.

Company No. 640850-U

APPENDIX VII

UNAUDITED CONSOLIDATED QUARTERLY RESULTS OF OUR GROUP FOR THE FYE 31 DECEMBER 2013

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MIA 20363

IDEAL SUN CITY HOLDINGS BERHAD
(Incorporated in Malaysia)

CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

For The Fourth Quarter Ended 31 December 2013

(The figures have not been audited)

	INDIVIDUAL QUARTER ENDED		CUMULATIVE PERIOD ENDED	
	31-Dec-13 RM ('000)	31-Dec-12 RM ('000)	31-Dec-13 RM ('000)	31-Dec-12 RM ('000)
Revenue	2,441	1,316	8,576	7,202
Cost of sales	(476)	(377)	(2,459)	(1,378)
Gross profit	1,965	939	6,117	5,824
Other operating income	259	25	259	172
Administration expenses	(416)	(462)	(1,691)	(1,678)
Other operating expenses	-	-	-	-
Profit from operations	1,808	502	4,685	4,318
Finance costs	7	(97)	(256)	(407)
Profit before tax	1,815	405	4,429	3,911
Income tax credit / (expense)	(645)	-	(298)	(51)
Profit for the period	1,170	405	4,131	3,860
Other Comprehensive Income:				
Revaluation of leasehold lands	-	-	-	1,367
Reversal of deferred taxation	456	-	456	-
Total other comprehensive income for the period	456	-	456	1,367
	1,626	405	4,587	5,227
Profit for the period attributable to:				
Owners	1,170	405	4,131	3,860
Minority interest	-	-	-	-
	1,170	405	4,131	3,860
Total Comprehensive Income for the period attributable to:				
Owners	1,626	405	4,587	5,227
Minority interest	-	-	-	-
	1,626	405	4,587	5,227
Profit per share attributable to Owners:				
- Basic (sen)	0.50	0.17	1.76	1.64
- Diluted (sen)	NA	NA	NA	NA

The Unaudited Condensed Consolidated Statement of Comprehensive Income should be read in conjunction with the Annual Audited Financial Statements for the year ended 31 December 2012 and the accompanying explanatory notes attached to the interim financial report.

IDEAL SUN CITY HOLDINGS BERHAD
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CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

For The Fourth Quarter Ended 31 December 2013

(The figures have not been audited)

	31-Dec-13 RM('000) (Unaudited)	31-Dec-12 RM('000) (Audited)
ASSETS		
Non-current assets		
Property, plant and equipment	359	4,833
Current Assets		
Inventories	238	617
Trade receivables	3,667	1,914
Other receivables and prepaid expenses	51	38
Other financial asset	1,402	1,303
Current tax assets	2	2
Cash and cash equivalents	2,979	1,546
	8,339	5,420
TOTAL ASSETS	8,698	10,253
EQUITY AND LIABILITIES		
Equity attributable to owners		
Share capital	23,501	23,501
Reserves	(16,727)	(21,314)
TOTAL EQUITY	6,774	2,187
Non-current liabilities		
Deferred tax liabilities	90	456
Bank borrowings	-	3,819
	90	4,275
Current Liabilities		
Trade payables	-	510
Other payables and accrued expenses	822	819
Amount owing to shareholders	-	704
Hire-purchase payables	817	817
Bank borrowings	-	890
Current tax liabilities	195	51
	1,834	3,791
TOTAL LIABILITIES	1,924	8,066
TOTAL EQUITY AND LIABILITIES	8,698	10,253
Net Asset per share (RM)	0.03	0.01

The Unaudited Condensed Consolidated of Financial Position should be read in conjunction with the Annual Audited Financial Statements for the year ended 31 December 2012 and the accompanying explanatory notes attached to the interim financial report.

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IDEAL SUN CITY HOLDINGS BERHAD
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CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For The Fourth Quarter Ended 31 December 2013
(The figures have not been audited)

		Non-Distributable		Distributable	
	Share Capital RM('000)	Share Premium RM('000)	Revaluation Reserve RM('000)	(Accumulated Losses) RM('000)	Total RM('000)
Balance as of 1 January 2012	23,501	22,027	-	(48,568)	(3,040)
Other comprehensive income for the year	-	-	1,367	-	1,367
Profit for the financial year	-	-	-	3,860	3,860
Total comprehensive income for the year	-	-	1,367	3,860	5,227
Balance as of 31 December 2012	23,501	22,027	1,367	(44,708)	2,187
Balance as of 1 January 2013	23,501	22,027	1,367	(44,708)	2,187
Transfer of revaluation reserve due to disposal of leasehold lands	-	-	(1,367)	1,367	-
Other comprehensive income for the year	-	-	-	456	456
Profit for the financial year				4,131	4,131
Total comprehensive income for the year	-	-	-	4,587	4,587
Balance as of 31 December 2013	23,501	22,027	-	(38,754)	6,774

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IDEAL SUN CITY HOLDINGS BERHAD
(Incorporated in Malaysia)

CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS
For The Fourth Quarter Ended 31 December 2013
(The figures have not been audited)

	Current Year Cumulative Year Ended 31-Dec-13 RM('000)	Preceding Year Corresponding Year Ended 31-Dec-12 (RM'000)
Cash Flows From Operating Activities		
Profit / (Loss) before tax	4,429	3,912
Adjustment for :-		
Depreciation	125	81
Deposit written off	17	-
Finance costs	256	407
Interest income	(9)	-
Interest income on other financial asset	(99)	(142)
Gain on disposal of property, plant & equipment	(151)	-
Net waiver of bank borrowings	-	(5)
Operating Profit/ (Loss) Before Working Capital Changes	**4,568**	**4,253**
(Increase) / Decrease in:		
Inventories	379	307
Receivables	(1,783)	(896)
(Decrease)/Increase in:		
Payables	(1,211)	(1,968)
Cash From/(Used In) Operations	**1,953**	**1,696**
Interest paid	(256)	(363)
Tax paid	(64)	-
Net Cash Used In Operating Activities	**1,633**	**1,333**
Cash Flows From Investing Activities		
Interest received	9	
Proceeds from disposal of property, plant and equipment	4,906	
Purchase of property, plant and equipment	(405)	(15)
Net Cash Used in Investing Activities	**4,510**	**(15)**
Cash Flow From Financing Activities		
Restructured bank borrowings	-	186
Repayment of bank borrowings	(4,710)	
Net Cash (Used In)/From Financing Activity	**(4,710)**	**186**
NET DECREASE IN CASH AND CASH EQUIVALENTS	**1,433**	**1,504**
CASH AND CASH EQUIVALENTS AS AT BEGINNING OF PERIOD	**1,546**	**42**
CASH AND CASH EQUIVALENTS AS AT END OF PERIOD (NOTE A14)	**2,979**	**1,546**

The Unaudited Condensed Consolidated Statement of Cash Flows should be read in conjunction with the Annual Audited Financial Statements for the year ended 31 December 2012 and the accompanying explanatory notes attached to the interim financial report.

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Notes on the quarterly report – 31December 2013

A. EXPLANATORY NOTES AS PER FRS134-INTERIM FINANCIAL REPORTING

A1. Basis of preparation

These condensed consolidated interim financial statements have been prepared in accordance with MFRS134: Interim Financial Reporting in Malaysia, and with IAS 34, Interim Financial Reporting and Paragraph 9.22 of the Bursa Malaysia Securities Berhad ("Bursa Securities") Listing Requirements. They do no include all of the information required for full annual audited financial statement, and should be read in conjunction with the Group's annual consolidated financial statements for the year ended 31 December 2012. The annual audited consolidated financial statements of the Group as at and for the year ended 31 December 2012 were prepared in accordance with Malaysian Financial Reporting Standards ("MFRSs"), International Financial Reporting Stadards and the Company Act, 1965 in Malaysia.

These are the Group's condensed consolidated interim financial statements for part of the period covered by the Group's first MFRS framework annual financial statements and MFRS1, *First-Time Adoption of Malaysian Financial Reporting Standards* has been applied. The transition to MFRS framework does not have any financial impact to the financial statement of the Group.

A2. Seasonal or cyclical factors

The Group's interim operations were not affected by cyclical factors.

A3. Unusual items

During the current quarter under review, there were no items or events that arose, which affected assets, liabilities, equity, net income or cash flows, that are unusual by reason of their nature, size or incidence.

A4. Changes in estimates

There were no changes in the estimates of amounts reported that have a material effect on the results in the current quarter under review.

A5. Issuance, cancellations, repurchases resale and repayments of debts and equity securities

There were no issuances, cancellations, repurchases, resale or repayment of debt and equity securities for the financial period under review.

A6. Dividends paid

There was no dividend paid during the current quarter under review.

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Notes on the quarterly report – 31December 2013

A7. Segmental information

Segmental information is presented in respect of the Group's business segments. The Group comprises the following main business segments:-

a. Project Management Services
b. Sales of Landscape Plants

	Project Management Services		Sales of Landscape Plants		Total	
	31-Dec-13 RM'000	31-Dec-12 RM'000	31-Dec-13 RM'000	31-Dec-12 RM'000	31-Dec-13 RM'000	31-Dec-12 RM'000
Revenue	7,565	6,386	1,011	816	8,576	7,202
Profit before tax	3,823	3,400	606	511	4,429	3,911

A8. Valuation of Property, Plant and Equipment

The property, plant and equipment of the Group have not been revalued for the current quarter under review.

A9. Materials events subsequent to the balance sheet date

There were no material events subsequent to the end of the current quarter under review that has not been reflected in the financial statements.

A10. Changes in the composition of the Group

There were no changes in the composition of the Group for the current quarter.

A11. Changes in contingent liabilities or contingent asset

There were no contingent assets and no changes in the contingent liability since 31 December 2012 save as describe below:

Description of contingent liabilities	**RM('000)**
Corporate guarantee given to the financial institution for term loan and other bank facilities granted to a subsidiary company	5,100

A12. Capital commitments

There are no material capital commitments during current quarter under review.

A13. Significant Related Party Transactions

	RM('000)
Rental of premises paid to a company with common director	180

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A14. Cash and Cash Equivalents

Cash and cash equivalents included in the consolidated cash flow statement consist of:

	As at 31 December 2013
	RM('000)
Cash and bank balances	1,379
Deposit with licensed banks	1,600
Cash and cash equivalents	2,979

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ADDITIONAL INFORMATION REQUIRED BY BURSA MALAYSIA LISTING REQUIREMENTS

B1. Review of Group results for the current quarter ended 31 December 2013

For the current quarter ended 31 December 2013, the Group achieved unaudited revenue of RM 2.4 million. The increase in revenue as compared to the previous year corresponding quarter was mainly due to the income from 2 new project management services secured in the current quarter.

The profit after tax in the current quarter is approximately RM 1.2 million as compared to RM 0.4 million in the previous year corresponding quarter. The increase in profit after tax as compared to the previous year corresponding quarter is mainly due to the increase in revenue of project management services in the current quarter.

B2. Material changes in profit after taxation for the current quarter compared to the immediate preceding quarter

There was an increase in profit after taxation for the current quarter compared to the immediate preceding quarter mainly due to the increase in revenue from the new projects.

B3. Prospects

The Board anticipates that the performance of the group for the financial year ending 31 December 2014 to be as encouraging as compared to financial year ended 31 December 2013.

B4. Profit forecast

There were no profit forecast or profit guarantee issued by the Group.

B5. Profit before taxation

	Individual Quarters		Cumulative Quarters	
	Current Year Quarter 31 Dec 2013	Preceding Year Quarter 31 Dec 2012	Current Year To Date 31 Dec 2013	Preceding Year To Date 31 Dec 2012
	RM	RM	RM	RM
Depreciation of property, plant and equipment (PPE)	21	1	125	81
Deposit written off	17	-	17	-
Interest income	(9)	-	(9)	-
Interest income on other financial assets	(99)	-	(99)	(142)
Gain on disposal of PPE	(151)	-	(151)	-
Net waiver of bank borrowings	-	-	-	(5)

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B6. Tax Expense

	Individual Quarters Current Year Quarter 31 Dec 2013	Cumulative Quarters Current Year To Date 31 Dec 2013
	RM'000	RM'000
Current period:		
- income tax	150	250
- deferred tax	90	90
Overprovision of tax in prior year	(51)	(42)
Reversal of deferred tax*	-	(456)
Reclassification of deferred tax to other comprehensive income	456	456
	645	298

* Reversal of the deferred tax liability due to the sales of two (2) adjoining vacant industrial lands.

B7. Status of corporate proposal announced

i) On 25 September 2012, M&A Securities Sdn Bhd, on behalf of the Company has announced that the Company's listing application in connection with the Proposals and the Company's regularisation plan has been submitted to Bursa Malaysia Securities Berhad.

On 1 April 2013, the board of directors has informed that the Company's revised forecasted and projected financial statement in relation to its proposed regularization plan has been resubmitted to Bursa Malaysia Securities Berhad on 27 March 2013.

On 13 May 2013, the Bursa Securities Berhad had vide its letter dated 13 May 2013 resolved to approve the Company's regularisation plan subject to the conditions as stated in its letter.

On 12 June 2013, the Company has appointed KAF Investment Bank Berhad as the Independent Adviser to advise the Independent Directors and minority shareholders of the Company on the Proposed Exemption.

Bank Negara Malaysia ("BNM") had vide its letter dated 25 June 2013 (received on 4 July 2013) approved the issuance of Warrants to non-resident shareholders pursuant to the Proposed Right Issues with Warrants and Proposed Placement with Warrants.

On 13 November 2013, the board of directors has announced that the shareholders of the Company had approved the Proposed Balance Sheet Reconstruction, Proposed Rights Issue with Warrants, Proposed Exemption and Proposed Placement with Warrants at the Extraordinary General Meeting ("EGM") of the Company held on 13 November 2013.

ii) The Shareholders of the Company had also approved the Proposed change of the Company's auditor at the EGM of the Company held on 13 November 2013.

iii) On 11 December 2013, the board of directors has announced that the sealed order of the High Court of Malaya in Kuala Lumpur confirming the Proposed Share Premium Cancellation and the Proposed Par Value Reduction pursuant to Section 64 of the Companies Act, 1965. The Sealed Court Order has been lodged with the Companies

Commission of Malaysia ("CCM") on 9 December 2013 (the acknowledgement receipt of which was received by the Company on 11 December 2013).

iv) On 4 February 2014, on behalf of the Board of the Company, M&A Securities Sdn Bhd has announced that the application in connection with the Proposed Exemption has been approved by the Securities Commission vide its letter dated 29 January 2014.

B8. Bank Borrowings

The Group's bank borrowings are fully settled during current quarter.

B9. Material litigation

As at the date of this report, the Group was not engaged in any material litigation either as plaintiff or defendant and the Directors do not have any knowledge of any proceedings pending or threatened against the Group, save for the followings:

(i) Equator Biotech Sdn Bhd ("EBSB") and Equator Life Science Berhad ("Equator") have been presented a Writ of Summons by Orix Credit Malaysia Sdn Bhd ("ORIX") on 15 April 2009 to High Court of Johor Bahru and have been served to EBSB and Equator on 18 May 2009. EBSB and Equator were named as the First and Second Defendant respectively by ORIX to claim the repayment of sums of RM 1,081,646.78, interest, legal costs, scale cost and other damages deem fit by the Court. On 1 September 2009, EBSB and Equator has received a Judgment of Default. On 17 September 2009, EBSB and Equator have filled an application to set aside the Judgment in Johor Bahru High Court, and the said hearing is fix on 18 November 2009. On 8 October 2009, Equator was served by Orix for the Notice pursuant to Section 218 of the Companies Act, 1965 for the amount of RM 1,081,646.78. Pursuant to the hearing of the setting aside of Judgment of Default on 18 November 2009, this matter is fixed for Decision on 3 December 2009. On 9 December 2009, the Registry of the High Court Johor Bahru has allowed Equator's application to set aside the Judgment in Default with costs. Subsequently, on 17 December 2009, ORIX via its solicitor to file an appeal to the Judge in Chamber against the Order of the learned Deputy Registrar given on 9 December 2009 in the Registry of High Court Johor Bahru. On 25 January 2010, High Court Johor Bahru has fixed the mention on 31 March 2010 for the ORIX's appeal to the Judge in Chambers against the Order of the learned Deputy Registrar given on 9 December in the Registry of the High Court Johor Bahru. On 31 March 2010, High Court of Johor Bahru has adjourned the case to 29 April 2010. On 29 April 2010, High Court of Johor Bahru has postponed the case to 20 May 2010 pending settlement. On 20 May 2010, High Court of Johor Bahru has postponed the case for hearing on 24 June 2010. On 24 June 2010, High Court of Johor Bahru has postponed the case to 1 July 2010 for mention. On 1 July 2010, High Court of Johor Bahru has postponed the case to 2 August 2010 for mention. On 2 August 2010, High Court of Johor Bahru was postponed the case to 17 August 2010 for hearing. On 17 August 2010, the Court has allowed the application to amend the Statement of Defence. In addition, the Court has adjourned the case to 2 September 2010 for mention to enable the parties to file in a written submission for the Plaintiff's appeal. The Court has also fixed on 21 September 2010 for hearing for the said appeal. The Court has on 21 September 2010 dismissed the Plaintiff's appeal with costs. The negotiation for settlement between the parties on the case is still ongoing. The case had been heard on 17 October 2011 and fixed for decision on 9 January 2012. The High Court of Johore Bahru has on 9 January 2012 dismissed the claim of ORIX against Equator Biotech Sdn. Bhd. and the Company. ORIX has filed an appeal to Appeal Court in Putrajaya on 01 February 2012. The case had been heard on 27 August 2013 and adjourned to 27 November 2013.

The High Court of Johore Bahru has on 27 November 2013 dismissed the Appeal of Orix Credit Malaysian Sdn. Bhd. against Ideal Property Concept Sdn. Bhd. and the

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Company with cost of RM20,000.00 in respect of the Appeal and the Trial in the High Court.

IDEAL will no longer be in default of payments to the financial institution since Orix's appeal was dismissed by the High Court.

Details of the material litigation have been announced on 18 May 2009, 19 May 2009, 21 May 2009, 2 September 2009, 18 September 2009, 8 October 2009, 9 December 2009, 21 December 2009, 25 January 2010, 31 March 2010, 29 April 2010, 20 May 2010, 24 June 2010, 1 July 2010, 2 August 2010, 17 August 2010, 22 September 2010, 11 April 2011, 4 May 2011, 10 January 2012 and 2 February 2012

B10. Dividends

There was no dividend declared during the quarter under review.

B11. Earnings per share ("EPS")

	Individual quarter ended		Cumulative year ended	
	31 Dec 2013	**31 Dec 2012**	**31 Dec 2013**	**31 Dec 2012**
Basic earnings per share				
Net profit attributable to equity holders of the parent for the period (RM'000)	1,170	405	4,131	3,860
Weighted average number of ordinary shares in issue ('000)	235,008	235,008	235,008	235,008
Basic profit per share (sen)	0.50	0.17	1.76	1.64

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B12. Retained Profits

The breakdown of retained profits of the Group as at reporting date, into realised and unrealized is as follow:

Company and its subsidiaries

	As of 31 Dec 2013 RM'000	As of 31 Dec 2012 RM'000
Realised	(38,490)	(44,444)
Unrealised	(264)	(264)
Total	(38,754)	(44,708)

The determination of realised and unrealised profits is based on the Guidance of Special Matter No. 1, Determination of Realised and Unrealised Profits or Losses in the Context of Disclosure Pursuant to Bursa Malaysia Securities Berhad Listing Requirements, issued by the Malaysian Institute of Accountants on 20 December 2010.

The disclosure of realised and unrealised profits above is solely for complying with the disclosure requirements stipulated in the directive of Bursa Malaysia and should not be applied for any other purposes.

B13. Authorisation for Issue

The interim financial statements were authorised for issue by the Board of Directors in accordance with a resolution of the Directors on 25 February 2014.

BY ORDER OF THE BOARD

GUNN CHIT GEOK
MAICSA 0673097
CHEW SIEW CHENG
MAICSA 7019191
Company Secretaries
Penang

DIRECTORS' REPORT

IDEAL SUN CITY HOLDINGS BERHAD *(640850-U)*
71-2, Ideal @ The One, Jalan Mahsuri, 11950 Bayan Lepas, Penang

Registered Office:
Suite 12-02, 12th Floor
Menara Zurich
170, Jalan Argyll
10050 Penang

Date 27 MAR 2014

To: The Entitled Shareholders of Ideal Sun City Holdings Berhad

Dear Sir/Madam,

On behalf of the Board of Directors ("Board") of Ideal Sun City Holdings Berhad (the "Company"), I wish to report that, after due inquiries in relation to the Company and its subsidiaries "Group") during the period between 31 December 2012, being the date on which the latest audited consolidated statements have been made up, and the date hereof, being a date not earlier than 14 days before the issue of this Abridged Prospectus), that:

(a) the business of the Group has, in the opinion of the Board, been satisfactorily maintained;

(b) in the opinion of the Board, no circumstances have arisen since the last audited consolidated financial statements of the Group which have adversely affected the trading or the value of the assets of the Group;

(c) the current assets of the Group appear in the books at values which are believed to be realisable in the ordinary course of business;

(d) save as disclosed in Section 9.4 of this Abridged Prospectus, there are no contingent liabilities which have arisen by reason of any guarantees or indemnities given by any company within the Group;

(e) save as disclosed in Section 9.2 of this Abridged Prospectus, since the last audited consolidated financial statements of the Group, there has been no default or any known event that could give rise to a default situation, in respect of payment of either interest and/or principal sums in relation to any borrowings; and

(f) there have been no material changes in the published reserves or any unusual factors affecting the profits of the Group since the last audited consolidated financial statements of the Group.

Yours faithfully,
For and on behalf of the Board
IDEAL SUN CITY HOLDINGS BERHAD

DATO' OOI KEE LIANG
EXECUTIVE CHAIRMAN

ADDITIONAL INFORMATION

1. SHARE CAPITAL

(i) Save for the Rights Shares, Warrants and the new Shares to be issued pursuant to the exercise of the Warrants, no securities shall be allotted or issued on the basis of this Abridged Prospectus later than twelve (12) months after the date of the issuance of this Abridged Prospectus.

(ii) As at the date of this Abridged Prospectus, there is no founder, management, deferred shares or preference shares in the share capital of our Company. There is only one (1) class of shares in our Company, namely ordinary shares of RM0.10 each, all of which rank *pari passu* with one another.

(iii) All the Rights Shares shall, upon allotment and issue, rank *pari passu* among themselves. The new Shares to be issued pursuant to the exercise of Warrants shall, upon allotment and issue, rank *pari passu* in all respects with the existing issued and paid-up ordinary share capital, save and except that such Shares will not be entitled to any dividend, rights, allotment and/or other distribution that may be declared, made or paid prior to the date of allotment of such Shares.

(iv) As at the date of this Abridged Prospectus, save for the Entitled Shareholders who will be provisionally allotted the Rights Shares together with Warrants under the Rights Issue with Warrants, no person has been or is entitled to be given an option to subscribe for any shares, stocks or debentures of our Company or our subsidiaries as of the date of this Abridged Prospectus.

(v) None of our securities have been issued or agreed to be issued either as fully paid-up, partly paid-up or otherwise than in cash, within two (2) years immediately preceding the date of this Abridged Prospectus.

2. ARTICLES OF ASSOCIATION

The provisions in our Articles of Association in relation to the remuneration of our Directors are as follows:

Article 85(4)

An alternate Director may be repaid by the Company such expenses as might properly be repaid to him if he were a Director and he shall be entitled to receive from the Company such proportion (if any) of the remuneration otherwise payable to his appointer as such appointer may by notice in writing to the Company from time to time direct, but save as aforesaid he shall not in respect of such appointment be entitled to receive any remuneration from the Company. For avoidance of doubt, any fee paid by the Company to the alternate Director shall be deducted from that appointer's remuneration.

Article 82

The fees of the Directors shall from time to time be determined by the Company in general meeting. Unless otherwise directed by the resolution by which it is voted, any such fees shall be divided amongst the Directors as they may agree, or, failing agreement, equally. Fees payable to Directors shall not be increased except pursuant to a resolution passed at a general meeting, where notice of proposed increase has been given in the notice convening the meeting. The Directors shall also be entitled to be repaid all travelling and hotel expenses properly incurred by them respectively in or about the performance of their duties as Directors, including their expenses of travelling to and from meetings of Directors or any committee of Directors or general meetings or which he may otherwise incur on or about the business of the Company. If by arrangement with the Directors, any Director shall perform or render any special duties or service outside his ordinary duties as a Director, in particular without limited to the generality of the foregoing if any Director being willing shall be called upon to perform extra services or to make any special exertions in going or residing away from his usual place of business or residence for any of the purposes of the Company or in giving special attention to the business of the Company as a member of a committee of Directors, the Directors may pay him special remuneration, in addition to his Director's fees, and such special remuneration may be by way of a fixed sum, or otherwise as may be arranged. Provided that no non-executive Director shall be remunerated by a commission on or percentage of profits or turnover and no Directors (non-executive or executive) shall be remunerated by a commission on or percentage of turnover and that nothing herein shall prejudice the power of the Directors to appoint any of their number to be the employee or agent of the Company at such remuneration shall not include a commission on or percentage of turnover.

Article 83 (extract)

The remuneration of a Managing Director or Executive Director may be by way of salary or commission or participation in profits or by any or all of those modes but shall not include a commission on or a percentage of turnover.

3. MATERIAL CONTRACTS

Save for the Deed Poll and as disclosed below, we confirm that there are no material contracts (not being contracts entered into in the ordinary course of business) which have been entered into by our Group within the past two (2) years preceding the date of this Abridged Prospectus:

(i) On 28 February 2013, IPCSB had entered into a sale and purchase agreement with Drilmaco Sdn Bhd to dispose of two (2) parcels of land located within Taman Teknologi Johor, Senai, Johor for a total cash consideration of RM4,906,315.20. The said sale and purchase agreement was deemed completed on 24 October 2013.

(ii) On 25 February 2014, IDEAL had entered into a profit guarantee agreement with ISCSB wherein ISCSB guarantees that the profit for the FYEs 31 December 2013 and 31 December 2014 shall not be less than RM4 million and RM5.2 million respectively.

4. MATERIAL LITIGATION

Save as disclosed below, our Board confirms that neither our Company nor any of our subsidiary companies are engaged in any material litigation, claims or arbitration as at the LPD, either as plaintiff or defendant, and our Board confirms that there are no proceedings pending or threatened against our Group or any facts likely to give rise to any proceedings which might materially and adversely affect the financial position or business of our Group.

(i) Court of Appeal Civil Appeal No. J-02-359-02/2012
Federal Court Civil Application No. 08(f)-21-01/2014(J)
<u>Orix Credit Malaysia Sdn Bhd ("Plaintiff") vs EBSB & Equator Life Science Berhad ("ELSB")(Defendants)</u>

On 15 April 2009, the Plaintiff filed a Writ of Summons at the High Court of Johor Bahru against EBSB and ELSB claiming repayment of the sum of RM1,081,646.78 as at

10 April 2009, interest and legal costs pursuant to a Hire Purchase Agreement between the Plaintiff and EBSB, in respect of which ELSB is the corporate guarantor.

EBSB and ELSB are resisting the claim.

On 9 January 2012, the Court dismissed the Plaintiff's claim.

On 1 February 2012, the Plaintiff appealed to the Court of Appeal. The Appeal was dismissed on 27 November 2013.

On 8 January 2014, the Plaintiff filed an application for Leave to Appeal to the Federal Court. As at the LPD, no hearing date has been fixed for this Application.

5. GENERAL

(i) The nature of our business is set out in Section 1, Appendix III of this Abridged Prospectus. Save as disclosed in Section 5, Appendix III of this Abridged Prospectus, there are no corporations that are related to our Company by virtue of Section 6 of the Act as at the date of this Abridged Prospectus.

(ii) The total estimated expenses of or in connection with the Regularisation Scheme including professional fees, fees payable to the relevant authorities, registration and other incidental expenses of approximately RM1,000,000 will be borne by our Company.

(iii) None of our Directors have any existing or proposed service contracts with our Company or our subsidiaries, excluding contracts expiring or determinable by the employing company without payment or compensation (other than statutory compensation) within one (1) year of the date of this Abridged Prospectus.

(iv) Save as disclosed in this Abridged Prospectus, our Directors confirm that there are no material information including trade factors or risks which are unlikely to be known or anticipated by the general public and which could materially affect the profits of our Group.

(v) Save as disclosed in this Abridged Prospectus, the financial conditions and operations of our Group are not affected by any of the following:

   (a) known trends or known demands, commitments, events or uncertainties that will result in or are reasonably likely to result in our Group's liquidity increasing or decreasing in any material way;

   (b) material commitments for capital expenditure;

   (c) unusual of infrequent events or transactions or significant economic changes that will materially affect the amount of reported income from operations;

   (d) known trends or uncertainties that have had or that our Group reasonably expects to have a material favourable or unfavourable impact of our Group's revenue or operating income; and

   (e) substantial increase in revenue.

6. WRITTEN CONSENTS

The written consents of the Adviser, Company Secretaries, Principal Banker, Share Registrar, IMR and the Solicitors for the Rights Issue with Warrants to the inclusion in this Abridged Prospectus of their names in the form and context in which they appear have been given before issuance of this Abridged Prospectus and have not subsequently been withdrawn.

The written consent of the Auditors and Reporting Accountants to the inclusion in this Abridged Prospectus of their names and letters relating to the audited consolidated financial statements of our Group for the FYE 31 December 2012 and the proforma consolidated statements of financial position of our Group as at 31 December 2012 respectively, in the form and context in which they appear have been given before the issuance of this Abridged Prospectus and have not subsequently been withdrawn.

7. DOCUMENTS FOR INSPECTION

Copies of the following documents are made available for inspection at our Registered Office at Suite 12-02, 12th Floor, Menara Zurich, 170, Jalan Argyll, 10050 Penang during normal business hours from Monday to Friday (except public holidays) for a period of twelve (12) months from the date of this Abridged Prospectus:

(i) Our Memorandum and Articles of Association;

(ii) Our audited consolidated financial statements for the past three (3) FYEs 31 December 2010, 31 December 2011 and 31 December 2012;

(iii) Our unaudited consolidated quarterly results of our Group for FYE 31 December 2013;

(iv) The proforma consolidated statements of financial position of our Group as at 31 December 2012 together with the notes and Reporting Accountants' letter thereon as set out in Appendix V of this Abridged Prospectus;

(v) The Deed Poll;

(vi) The executive summary of the IMR's report as set out in Appendix IV of this Abridged Prospectus and the full report thereon prepared by Protégé;

(vii) The Directors' Report as set out in Appendix VIII of this Abridged Prospectus;

(viii) The consent letters referred to in Section 6 of this Appendix;

(ix) The irrevocable written undertaking letter from Dato' Ooi as referred to in Section 2.5 of this Abridged Prospectus;

(x) the relevant cause papers in respect of the material litigation referred to in Section 4 of this Appendix; and

(xi) The material contracts referred to in Section 3 of this Appendix.

8. RESPONSIBILITY STATEMENT

This Abridged Prospectus together with its accompanying documents have been seen and approved by our Board and they collectively and individually accept full responsibility for the accuracy of the information given herein and confirm that, after having made all reasonable enquiries, there are no false or misleading statements or other facts the omission of which would make any statement herein false or misleading.

M&A Securities, being the Adviser for the Rights Issue with Warrants, acknowledges that, based on all available information, this Abridged Prospectus constitutes a full and true disclosure of all material facts concerning this Rights Issue with Warrants.

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