

# IDEAL SUN CITY HOLDINGS BERHAD (F.K.A. EQUATOR LIFE SCIENCE BERHAD)

(Company No.: 640850-U)  
Incorporated in Malaysia

Notes on the quarterly report – 31 March 2012

## 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 not include all of the information required for full annual financial statement, and should be read in conjunction with the Group’s annual consolidated financial statements for the year ended 31 December 2011. The consolidated financial statements of the Group as at and for the year ended 31 December 2011 were prepared in accordance with Financial Reporting Standards (“FRS”).

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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## 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
- b. Landscaping Plants

	Project Management		Landscaping Plants		Total	
	31-Mar-12 RM('000)	31-Mar-11 RM('000)	31-Mar-12 RM('000)	31-Mar-11 RM('000)	31-Mar-12 RM('000)	31-Mar-11 RM('000)
Revenue	1,200	-	731	323	1,931	323
Profit/(loss) before tax	890	-	432	(249)	1,322	(249)

## A8. Valuation of Property, Plant and Equipment

The Group has undertaken a revaluation on the land during the current quarter under review. Revaluation surplus was taken up as follows:-

Property	Net Book Value	Revaluation Value	Revaluation Surplus
	RM'000	RM'000	RM'000
Land	3,077	4,900	<u>1,823</u>

## 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 assets

There were no contingent assets and no changes in the contingent liability since 31 December 2011 except 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

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There are no significant related party transactions of the Group for the current quarter.

**A14. Cash and Cash Equivalents**

Cash and cash equivalents included in the consolidated cash flow statement consist of:

	<b>As at 31 March 2012</b>
	<b>RM('000)</b>
Cash and bank balances	108
Cash and cash equivalents	108

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## **B. ADDITIONAL INFORMATION REQUIRED BY BURSA MALAYSIA LISTING REQUIREMENTS**

### **B1. Review of Group results for the current quarter ended 31 March 2012**

For the current quarter ended 31 March 2012, the Group achieved unaudited revenue of RM 1.9 million and unaudited profit after tax of approximately RM 1.3 million. The increase of revenue as compared to the previous year corresponding quarter was mainly due to the revenue from the project management business and sales of ornamental plants to local landscaping market.

In addition, there is a profit after tax in the current quarter of approximately RM 1.3 million as compared to the loss after tax in previous year corresponding quarter of approximately RM 0.2 million was mainly due to the diversification of business by the Group into Project Management for Property Development Industry.

### **B2. Material changes in profit after taxation for the current quarter compared to the immediate preceding quarter**

The Group recorded a profit after tax for the current quarter of RM 1.3 million as compared to loss after tax of RM 1.4 million in the immediate preceding quarter. The current quarter profit achieved as compared to the immediate preceding quarter was mainly due to the revenue earned from the project management business and sales of ornamental plants to local market.

### **B3. Current year prospects**

The Group has started to sale its landscaping plants to local market as the export market continue to be declining. For the Project Management Business Segment, the Group expects this Segment to contribute positively towards the overall earnings of the Group.

The Board anticipates that the performance of the group to be encouraging as compared to FYE 31 December 2011 due to the diversification of business.

### **B4. Profit forecast**

There were no profit forecast or profit guarantee issued by the Group.

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## B5. Profit before taxation

	Individual Quarters		Cumulative Quarters	
	Current Year Quarter 31 Mar 2012	Preceding Year Quarter 31 Mar 2011	Current Year To Date 31 Mar 2012	Preceding Year To Date 31 Mar 2011
	RM'000	RM'000	RM'000	RM'000
Depreciation of plant and equipment	-	220	-	220
(Gain)/loss on foreign exchange:				
- Realised	-	-	-	-
- Unrealised	-	(1)	-	(1)
Gain on disposal of plant and equipment	-	(564)	-	(564)

## B6. Tax Expense

No tax expense was provided for the period and cumulative period as the Group has been accumulating losses.

No deferred taxation asset and tax liability was recognized in the current period and cumulative period in connection to the unabsorbed tax losses and capital allowance as future utilization of such tax losses and capital allowance could not be sustained.

## B7. Status of corporate proposal announced

- i) On 25 July 2011, Equator has announced that Equator has appointed TA Securities Holdings Bhd to act as Sponsor of Equator pursuant to Rule 8.04(3) (a) (ii) of the Listing Requirements of Bursa Malaysia Securities Bhd for ACE Market.

On 22 December 2011, the Company has obtained the approval from Bursa Malaysia Securities Berhad ("Bursa Securities") via its letter dated 22 December 2011 for the following:-

- a) resignation of TA Securities Holdings Berhad ("TA Securities") as Equator's Sponsor; and
- b) waiver from complying with Rule 4.19(d) of the ACE Market Listing Requirements.

Rule 4.19(d) of the ACE Market Listing Requirement stipulates that, among others, in the event of resignation of Sponsor, the Sponsor must give 3 months' notice in writing to the Sponsored Corporation and state its reasons for resignation in the notice.

The Company has appointed M&A Securities Sdn. Bhd. as the replacement Sponsor in place of TA Securities.

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## B8. Borrowings

The Group's borrowings are as follows:

	RM('000)
Current	
Secured:	
Trade facilities	2,000
Term loans	2,529
Overdrafts	-
Non current	
Secured:	
Term loans	-
	4,529

All of the Group's borrowings are denominated in Ringgit Malaysia.

## 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 was postponed the case for hearing on 24 June 2010. On 24 June 2010, High Court of Johor Bahru was postponed the case to 1 July 2010 for mention. On 1 July 2010, High Court of Johor Bahru was 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

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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 company will seek further legal advice in due course and negotiate with the Plaintiff to restructure the debt. In addition, EBSB and Equator will maintain efforts to realize the assets to settle its debt.

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 and 4 May 2011.

## B10. Dividends

There was no dividend declared during the quarter under review.

## B11. Earnings per share ("EPS")

	Individual quarter ended		Cumulative year ended	
	31 Mar 2012	31 Mar 2011	31 Mar 2012	31 Mar 2011
<b>Basic earnings per share</b>				
Net profit/(loss) attributable to equity holders of the parent for the period (RM'000)	1,322	(249)	1,322	(249)
Weighted average number of ordinary shares in issue ('000)	235,008	235,008	235,008	235,008
Basic profit/(loss) per share (sen)	0.006	(0.11)	0.006	(0.11)

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## B12. Retained Profits

The breakdown of retained profits of the Group as at reporting date, into realised and unrealised is as follow:

Company and its subsidiaries

	As of 31 Mar 2012	As of 31 Mar 2011
	RM	RM
Realised	(43,513)	(34,270)
Unrealised	(466)	(466)
Total	<u>(43,979)</u>	<u>(34,736)</u>

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 16<sup>th</sup> April 2012.

BY ORDER OF THE BOARD

GUNN CHIT GEOK  
MAICSA 0673097  
Company Secretary  
Penang