

**IDEAL SUN CITY HOLDINGS BERHAD (640850-U)**  
**(Incorporated in Malaysia)**

**Unaudited Interim Financial Report**  
**For The Financial Quarter Ended 30 June 2014**

**A. EXPLANATORY NOTES PURSUANT TO MFRS 134: INTERIM FINANCIAL REPORTING**

**A1. Basis of preparation**

The interim financial report is unaudited and has been prepared in accordance with MFRS 134: Interim Financial Reporting and Paragraph 9.22 of Bursa Malaysia Securities Berhad ("Bursa Securities") Listing Requirements. This interim financial report does not include all the information required for a full set of annual audited financial statements, and should be read in conjunction with the Annual Audited Financial Statements of the Group for the financial year ended 31 December 2013, which have been prepared in accordance with Malaysian Financial Reporting Standards ("MFRSs"), International Financial Reporting Standards and the requirements of the Companies Act, 1965 in Malaysia.

The Group has adopted all applicable accounting standards, amendments and interpretations that have been issued by the Malaysian Accounting Standards Board ("MASB") except for those which are not yet effective. The initial adoption of the accounting standards, amendments and interpretations that are effective in the current financial period does not have any significant impact on the Group's financial statements.

**A2. Auditors' report on preceding annual financial statements**

The auditors' report on the preceding annual financial statements of the Group for the financial year ended 31 December 2013 was not subject to any qualification.

**A3. Seasonal or cyclical factors**

The business operations of the Group for the current financial quarter were not significantly affected by seasonal or cyclical factors.

**A4. Unusual items affecting assets, liabilities, equity, net income or cash flows**

There were no unusual items affecting assets, liabilities, equity, net income or cash flows during the current financial quarter.

**A5. Changes in estimates**

There were no changes in estimates of the amounts reported that have a material effect on the current financial quarter's results.

**IDEAL SUN CITY HOLDINGS BERHAD (640850-U)**  
**(Incorporated in Malaysia)**

**Unaudited Interim Financial Report**  
**For The Financial Quarter Ended 30 June 2014**

**A6. Issuances, cancellations, repurchases, resale and repayment of debt and equity securities**

There were no issuances, cancellations, repurchases, resale or repayment of debt and/or equity securities during the current financial quarter and financial year-to-date under review except for the following:

- (a) share premium cancellation of RM22,026,619 pursuant to Section 64(1) of the Companies Act, 1965 and cancellation of RM0.09 from every existing ordinary share of RM0.10 each in the Company ("Ideal Shares") and thereafter, the consolidation of the resultant issued and paid-up share capital of the Company, such that every ten (10) ordinary shares of RM0.01 each shall be consolidated into one (1) Ideal Share ("Balance Sheet Reconstruction");
- (b) renounceable rights issue of 94,003,200 new Ideal Shares ("Rights 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) warrant for every two (2) Rights Shares subscribed after the Balance Sheet Reconstruction ("Rights Issue with Warrants"); and
- (c) private placement of 24,000,000 new Ideal Shares ("Placement Shares") together with 12,000,000 free detachable warrants at an issue price of RM0.10 per Placement Share on the basis of one (1) warrant for every two (2) Placement Shares subscribed ("Placement with Warrants")

comprised in the regularisation scheme undertaken by the Company which has been successfully completed during the current financial quarter.

**A7. Dividends paid**

No dividends have been paid during the current financial quarter.

**A8. Segmental information**

Segmental information is presented in respect of the Group's business segments. The Group's business comprises the following main segments:

- (a) Project management services
- (b) Sale of ornamental plants

	Project management services		Sale of ornamental plants		Total	
	30.06.14 RM'000	30.06.13 RM'000	30.06.14 RM'000	30.06.13 RM'000	30.06.14 RM'000	30.06.13 RM'000
Revenue	5,609	3,496	-	1,011	5,609	4,507
Profit/(Loss) before tax	3,620	1,420	(238)	615	3,382	2,035

**IDEAL SUN CITY HOLDINGS BERHAD (640850-U)**  
**(Incorporated in Malaysia)**

**Unaudited Interim Financial Report**  
**For The Financial Quarter Ended 30 June 2014**

**A9. Valuation of property, plant and equipment**

The property, plant and equipment of the Group have not been revalued during the current financial quarter.

**A10. Material events subsequent to the balance sheet date**

There were no material events subsequent to the end of the current financial quarter that have not been reflected in the financial statements.

**A11. Changes in the composition of the Group**

There were no changes in the composition of the Group for the current financial quarter and financial year-to-date under review.

**A12. Changes in contingent assets or contingent liabilities**

There were no contingent assets or contingent liabilities as at the end of the current financial quarter.

**A13. Capital commitments**

There were no material capital commitments as at the end of the current financial quarter.

**A14. Significant related party transactions**

	<b>30.06.14</b> <b>RM'000</b>
Rental of premises paid to a company with common directors	90

**IDEAL SUN CITY HOLDINGS BERHAD (640850-U)**  
**(Incorporated in Malaysia)**

**Unaudited Interim Financial Report**  
**For The Financial Quarter Ended 30 June 2014**

**B ADDITIONAL INFORMATION PURSUANT TO BURSA SECURITIES LISTING REQUIREMENTS**

**B1. Review of the Group's results for the current financial quarter ended 30 June 2014**

For the current financial quarter ended 30 June 2014, the Group achieved unaudited revenue of RM2.9 million as compared to RM2.1 million recorded in the previous year corresponding quarter. The increase in revenue was attributable to the higher income generated from the project management services.

The profit after tax of the Group for the current financial quarter was approximately RM1.6 million as compared to RM0.9 million recorded in the previous year corresponding quarter. The increase in profit after tax was mainly due to the increase in revenue of project management services in the current financial quarter.

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

The profit after tax of the Group for the current financial quarter (RM1.6 million) was lower than that of the immediate preceding quarter (RM1.8 million) principally attributed to the inventories written down during the current financial quarter.

**B3. Current year prospect**

Barring unforeseen circumstances, the Board of Directors anticipates that the performance of the Group for the financial year ending 31 December 2014 will be favourable as compared to the financial year ended 31 December 2013.

**B4. Profit forecast / Profit guarantee**

There was no profit forecast issued by the Group in respect of the current financial year.

In conjunction with the proposed regularisation scheme, the Company has on 25 February 2014 entered into a Profit Guarantee Agreement with Ideal Sun City Sdn Bhd ("ISCSB") wherein amongst others ISCSB guarantees that the consolidated profit after tax of the Company for the financial year ending 31 December 2014 shall not be less than RM5,200,000.

Pursuant to the Profit Guarantee Agreement, a cash amount of RM5,200,000 has been deposited by ISCSB with the Company as security (which is accounted for under "Other payables and accrued expenses" in the Condensed Consolidated Statement of Financial Position) and is to be utilised to effect the profit guarantee should there be a shortfall based on the audited consolidated financial results of the Company.

**IDEAL SUN CITY HOLDINGS BERHAD (640850-U)**  
(Incorporated in Malaysia)

**Unaudited Interim Financial Report**  
**For The Financial Quarter Ended 30 June 2014**

**B5. Profit before tax**

	Individual Quarter		Cumulative Quarter	
	Current Year Quarter 30.06.14 RM'000	Preceding Year Quarter 30.06.13 RM'000	Current Year To Date 30.06.14 RM'000	Preceding Year To Date 30.06.13 RM'000
Profit before tax is arrived at after charging/(crediting):				
Depreciation of property, plant and equipment	21	34	42	63
Finance costs	-	95	-	184
Inventories written down	238	-	238	-
Interest income	(15)	-	(16)	-

**B6. Tax expense**

	Individual Quarter Current Year Quarter 30.06.14 RM'000	Cumulative Quarter Current Year To Date 30.06.14 RM'000
Current tax expense - current period	(7)	53
- underprovision in prior year	10	10
Income tax expense	3	63

The effective tax rate of the Group is lower than the statutory tax rate principally attributed to the utilisation of unabsorbed tax losses brought forward.

**B7. Status of corporate proposal announced**

- (a) As mentioned in the preceding Paragraph A6, the regularisation scheme undertaken by the Company comprising amongst others the Balance Sheet Reconstruction, Rights Issue with Warrants and Placement with Warrants has been successfully completed with the new Ideal Shares and warrants issued pursuant to the said regularisation scheme listed on the ACE Market of Bursa Securities on 8 May 2014. Accordingly, the Company has been uplifted from being classified as a GN3 company with effect from 8 May 2014.

**IDEAL SUN CITY HOLDINGS BERHAD (640850-U)**  
**(Incorporated in Malaysia)**

**Unaudited Interim Financial Report**  
**For The Financial Quarter Ended 30 June 2014**

- (b) The table below sets out the status of utilisation of the proceeds raised from the Rights Issue with Warrants and Placement with Warrants:

<b>Purpose</b>	<b>Proposed Utilisation RM'000</b>	<b>Actual Utilisation RM'000</b>	<b>Intended Timeframe for Utilisation RM'000</b>	<b>Deviation RM'000</b>
(a) Working capital	4,955	1,531	24 months	N/A
(b) To fund future projects/ventures	5,028	-	24 months	N/A
(c) Repayment of hire purchase creditors	817	-	6 months	N/A
(d) Expenses for regularisation scheme	1,000	1,000	3 months	N/A
	<u>11,800</u>	<u>2,531</u>		

**B8. Bank borrowings**

The Group has no bank borrowings as at the end of the current financial quarter.

**B9. Material litigations**

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 following:

- (a) Equator Biotech Sdn Bhd ("EBSB") and Equator Life Science Berhad ("Equator" or "the Company") have been presented a Writ of Summons by Orix Credit Malaysia Sdn Bhd ("Orix") on 15 April 2009 to the High Court of Johore Bahru which have been served to EBSB and Equator on 18 May 2009. EBSB and Equator were named as the First and Second Defendants respectively by Orix to claim the repayment of the sum of RM1,081,646.78, interest, legal costs, scale costs and other damages deemed fit by the court.

On 9 January 2012, the High Court of Johore Bahru dismissed the claim by Orix against EBSB and the Company.

Orix has subsequently filed an Appeal to the Court of Appeal on 1 February 2012. However, the Appeal was dismissed with cost of RM20,000.00 on 27 November 2013.

On 8 January 2014, Orix filed an application for Leave to Appeal and for extension of time to apply for Leave to Appeal to the Federal Court. The application was fixed for hearing on 26 June 2014. Orix has subsequently filed their Notice of Withdrawal for application for Leave to Appeal to the Federal Court and as such the case has come to an end.

**IDEAL SUN CITY HOLDINGS BERHAD (640850-U)**  
(Incorporated in Malaysia)

**Unaudited Interim Financial Report**  
**For The Financial Quarter Ended 30 June 2014**

However, on 1 August 2014, the Company was informed by the Company's solicitors that the Company has been served a Writ & Statement of Claim by Orix's new solicitors for the payment of the sum of RM2,112,912.60 together with the interest on RM977,206 at the rate of 0.065% per day calculated from 14 June 2014 till date of full settlement and costs, and the above matter has been fixed for hearing on 22 September 2014. Nevertheless, the Company's solicitors are of the opinion that the principle of res judicata is applicable and Orix is not entitled to make another claim on the same subject matter.

**B10. Dividends**

No dividends have been declared by the Company during the current financial quarter.

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

	Individual Quarter Ended		Cumulative Quarter Ended	
	30.06.14	30.06.13	30.06.14	30.06.13
<b>(a) Basic earnings per share</b>				
Profit attributable to equity holders of the Company for the period (RM'000)	1,551	859	3,319	1,935
Weighted average number of ordinary shares in issue ('000)	93,525	23,501	58,706	23,501
Basic earnings per share (sen)	1.66	3.66	5.65	8.23

Basic earnings per share is calculated by dividing the Group's profit attributable to equity holders of the Company for the period by the weighted average number of ordinary shares in issue during the reporting period.

The weighted average number of ordinary shares in issue for the previous year corresponding period has been adjusted with retrospective effect from the par value reduction and share consolidation for comparison purposes.

**(b) Diluted earnings per share**

Profit attributable to equity holders of the Company for the period (RM'000)	1,551	N/A	3,319	N/A
Weighted average number of ordinary shares in issue ('000) for the purpose of basic earnings per share	93,525	N/A	58,706	N/A
Effect of dilution of the warrants	23,248	N/A	11,689	N/A
Adjusted weighted average number of ordinary shares in issue ('000) for the purpose of diluted earnings per share	116,773	N/A	70,395	N/A
Diluted earnings per share (sen)	1.33	N/A	4.71	N/A

**IDEAL SUN CITY HOLDINGS BERHAD (640850-U)**  
**(Incorporated in Malaysia)**

**Unaudited Interim Financial Report**  
**For The Financial Quarter Ended 30 June 2014**

For the purpose of calculating diluted earnings per share, the Group's profit attributable to equity holders of the Company for the period and the weighted average number of ordinary shares in issue during the reporting period have been adjusted (where applicable) for the dilutive effect of all potential ordinary shares from the exercise of the warrants.

**B12. Disclosure of realised and unrealised profits/(losses)**

The breakdown of retained profits / (accumulated losses) of the Group as at the reporting date into realised and unrealised profits/(losses) is as follows:

	<b>30.06.14</b>	<b>31.12.13</b>
	<b>RM'000</b>	<b>RM'000</b>
Total retained profits / (accumulated losses) of the Group:		
- realised	5,407	(38,398)
- unrealised	(355)	(355)
Total	<u>5,052</u>	<u>(38,753)</u>

The determination of realised and unrealised profits/(losses) is based on 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 Requirements, as issued by the Malaysian Institute of Accountants on 20 December 2010.

The disclosure of realised and unrealised profits/(losses) above is solely for complying with the disclosure requirements stipulated in the directive of Bursa Securities and should not be applied for any other purposes.

**B13. Authorisation for issue**

This interim financial statements were authorised for issue by the Board of Directors in accordance with a resolution of the Directors on 25 August 2014.

BY ORDER OF THE BOARD

GUNN CHIT GEOK  
MAICSA 0673097  
CHEW SIEW CHENG  
MAICSA 7019191  
Company Secretaries  
Penang

Date: 25 August 2014