

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

Unaudited Interim Financial Report
For The Financial Quarter Ended 31 March 2016

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 2015, 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 2015 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.

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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 financial year-to-date under review save as follows:

- (a) conversion of 1,320,800 warrants into 1,320,800 new ordinary shares of RM0.10 each in the Company at the exercise price of RM0.10 each.

Subsequent to 31 March 2016, an additional 1,862,200 warrants were converted into 1,862,200 new ordinary shares of RM0.10 each in the Company at the exercise price of RM0.10 each.

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 for the current financial period comprises the following main segments:

- (a) Project management services; and
(b) Property investment holding including letting of properties and provision of supports services.

	Project management services		Property investment holding		Total	
	31.03.16 RM'000	31.03.15 RM'000	31.03.16 RM'000	31.03.15 RM'000	31.03.16 RM'000	31.03.15 RM'000
Revenue	2,342	2,341	196	-	2,538	2,341
Profit before tax	1,008	885	86	-	1,094	885

A9. Valuation of property, plant and equipment and investment properties

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

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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

Transactions with a company in which certain directors of the Company have substantial financial interests:

- project management fees received or receivable from a related party

31.03.16
RM'000

450

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B. ADDITIONAL INFORMATION PURSUANT TO BURSA SECURITIES LISTING REQUIREMENTS

B1. Review of the Group's results for the current financial quarter ended 31 March 2016

For the current financial quarter ended 31 March 2016, the Group achieved unaudited revenue of RM2.5million which is higher than the revenue of RM2.3million recorded in the previous year corresponding quarter. The increase in revenue is mainly due to the additional income from the property investment holding business.

However, the profit after tax of the Group for the current financial quarter was approximately RM0.8 million which was lower than RM0.9million recorded in the previous year corresponding quarter. The decrease in profit after tax was mainly attributed to the tax savings in the previous year corresponding quarter as a result of the utilisation of unabsorbed loss brought forward.

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 (RM0.8million) was lower than that of the immediate preceding quarter (RM1.0million) principally attributed to the lower income generated from the project management services during the current financial quarter.

B3. Current year prospect

Barring unforeseen circumstances, the Board of Directors anticipates that the financial performance of the Group will remain satisfactory for the financial year ending 31 December 2016.

B4. Profit forecast / Profit guarantee

There was no profit forecast or profit guarantee in respect of the current financial year.

B5. Profit before tax

	Individual Quarter		Cumulative Quarter	
	Current Year Quarter 31.03.16 RM'000	Preceding Year Quarter 31.03.15 RM'000	Current Year To Date 31.03.16 RM'000	Preceding Year To Date 31.03.15 RM'000
Profit before tax is arrived at after charging/(crediting):				
Depreciation charge	120	40	120	40
Interest income	(9)	(19)	(9)	(19)

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B6. Income tax expense

	Individual Quarter Current Year Quarter 31.03.16 RM'000	Cumulative Quarter Current Year To Date 31.03.16 RM'000
Current tax expense	<u>252</u>	<u>252</u>

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 proposals announced

- (a) The table below sets out the status of utilisation of the proceeds raised from the rights issue and private placement which were completed on 8 May 2014:

Purpose	Proposed Utilisation RM'000	Actual Utilisation RM'000	Intended Timeframe for Utilisation RM'000	Deviation RM'000
(a) Working capital	4,955	4,768	24 months	N/A
(b) To fund future projects/ ventures	5,028	5,028	24 months	N/A
(c) Repayment of hire purchase creditors	817	817	* 24 months	N/A
(d) Expenses for regularisation scheme	1,000	1,000	3 months	N/A
	<u>11,800</u>	<u>11,613</u>		

* Extended to 24 months as opposed to 6 months as originally estimated.

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- (b) On 8 December 2015, the Company announced that the Company proposed to implement the following proposals:
- (i) proposed special issue of up to 34,708,200 new ordinary shares of RM0.10 each in the Company to independent third party bumiputera investor(s) to be identified (“Proposed Special Issue”); and
 - (ii) proposed establishment of an employees’ share option scheme (“ESOS”) of up to thirty percent (30%) of the total issued and paid-up share capital of the Company (excluding treasury shares, if any) at any point in time during the duration of the ESOS for the eligible employees and directors of the Company and its subsidiaries (excluding its dormant subsidiary, if any) (“Proposed ESOS”);

On 8 January 2016, Bursa Malaysia Securities Berhad (“Bursa Securities”) approved the listing of and quotation for the following on the ACE Market of Bursa Securities:

- (i) up to 34,708,200 new ordinary shares of RM0.10 each in the Company to be issued pursuant to the Proposed Special Issue; and
- (ii) such number of new ordinary shares of RM0.10 each in the Company, representing up to thirty percent (30%) of the total issued and paid-up share capital of the Company to be issued pursuant to the exercise of the ESOS options granted under the Proposed ESOS.

subject to certain conditions imposed by Bursa Securities

The Proposed Special Issue and Proposed ESOS were duly approved by the shareholders of the Company at the Extraordinary General Meeting held on 24 February 2016, and have not been implemented as at the date of this report.

B8. Bank borrowings

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

B9. Dividends

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

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B10. Earnings per share (“EPS”)

	Individual Quarter Ended		Cumulative Quarter Ended	
	31.03.16	31.03.15	31.03.06	31.03.15
(a) Basic earnings per share				
Profit attributable to equity holders of the Company for the period (RM'000)	842	885	842	885
Weighted average number of ordinary shares in issue ('000)	186,694	146,393	186,694	146,393
Basic earnings per share (sen)	0.45	0.60	0.45	0.60

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.

	Individual Quarter Ended		Cumulative Quarter Ended	
	31.03.16	31.03.15	31.03.16	31.03.15
(b) Diluted earnings per share				
Profit attributable to equity holders of the Company for the period (RM'000)	842	885	842	885
Weighted average number of ordinary shares in issue for the purpose of basic earnings per share ('000)	186,694	146,393	186,694	146,393
Effect of dilution of the warrants ('000)	43,889	47,217	43,889	47,217
Adjusted weighted average number of ordinary shares in issue for the purpose of diluted earnings per share ('000)	230,583	193,610	230,583	193,610
Diluted earnings per share (sen)	0.37	0.46	0.37	0.46

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.

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B11. Disclosure of realised and unrealised profits/(losses)

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

	31.03.16	31.12.15
	RM'000	RM'000
Total retained profits of the Group:		
- realised	12,448	11,606
- unrealised	(41)	(41)
Total	<u>12,407</u>	<u>11,565</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.

B12. Authorisation for issue

This interim financial report was authorised for issue by the Board of Directors in accordance with a resolution of the Directors on 24 May 2016.

BY ORDER OF THE BOARD

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

Date: 24 May 2016