

THIS 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 adviser immediately.

If you have sold/transferred all your ordinary shares in I-Berhad, you should at once hand this Prospectus together with the Notice of Provisional Allotment ("NPA"), the Rights Subscription Form ("RSF"), the Notice of Provisional Offer ("NPO") and the Offer Acceptance Form ("OAF") to the agent or broker through whom you effected the sale/transfer for onward transmission to the purchaser/transferee. All enquiries concerning the Rights Issue with Warrants (as defined herein) and the OFS (as defined herein) (collectively, the "Corporate Exercises") should be addressed to our Share Registrar for the Corporate Exercises, Tricor Investor Services Sdn Bhd (Company No. 118401-V), Level 17, The Gardens North Tower, Mid Valley City, Lingkaran Syed Putra, 59200 Kuala Lumpur.

This Prospectus, together with the NPA, RSF, NPO and OAF (collectively, the "Documents") are only despatched to our shareholders who have provided our Share Registrar with a registered address in Malaysia and whose names appear in our Record of Depositors at 5.00 p.m. on 12 September 2014. The Documents are not intended to be (and will not be) issued, circulated, or distributed and the Corporate Exercises will not be made or offered or deemed to be made or offered for purchase or subscription, in any countries or jurisdictions other than Malaysia or to persons who are or may be subject to the laws of any countries or jurisdictions other than the laws of Malaysia. The Corporate Exercises to which this Prospectus relates are only available to persons receiving the Documents within Malaysia. No action has been or will be taken to ensure that the Corporate Exercises and the Documents comply with the laws of any countries or jurisdictions other than the laws of Malaysia. It shall be the sole responsibility of the Rights Entitled Shareholders (as defined herein) and the OFS Entitled Shareholders (as defined herein) and/or their renounee(s) and/or transferee(s) (if applicable) who are or may be subject to the laws or jurisdictions of countries other than the laws of Malaysia to consult their legal advisers as to whether the acceptance or renunciation of all or any part of the Rights Issue with Warrants and the acceptance or renunciation of all or any part (as the case may be) of their entitlements under the OFS, would result in the contravention of any laws of such countries or jurisdictions. Neither I-Berhad, Sumurwang Sdn Bhd, CIMB Investment Bank Berhad ("CIMB") nor any other advisers to the Corporate Exercises shall accept any responsibility or liability and hereby disclaim any responsibility or liability in the event any acceptance and/or renunciation and/or transfer (as the case may be), application for excess or the subscription, offer, sale, resale, pledge or other transfer of the Rights Shares with Warrants made by any of the Rights Entitled Shareholders or OFS ICULS made by any of the OFS Entitled Shareholder and/or their renounee(s) and/or transferee(s) (if applicable) is or shall become illegal, unenforceable, voidable or void in any countries or jurisdictions in which the Rights Entitled Shareholders or the OFS Entitled Shareholders and/or their renounee(s) and/or transferee(s) (if applicable) are residents.

The Securities Commission Malaysia ("SC") had vide its letter dated 26 March 2014 granted its approval and authorisation for the issuance of the ICULS (as defined herein). The approval from our shareholders for amongst others, the Rights Issue with Warrants and the allotment and issuance of the ICULS was obtained at our Extraordinary General Meeting ("EGM") held on 22 July 2014 and the approval from the shareholders of Sumurwang Sdn Bhd for the OFS was obtained at an EGM held on 9 May 2014. The approval from Bursa Malaysia Securities Berhad ("Bursa Securities") for, amongst others, the admission, listing of and quotation for the Warrants and the ICULS to the Official List of Bursa Securities and the listing of and quotation for the Rights Shares (as defined herein) and the new Shares (as defined herein) to be issued arising from the exercise of the Warrants and the conversion of the ICULS on the Main Market (as defined herein) was obtained on 26 June 2014. However, this is not an indication that Bursa Securities recommends the Corporate Exercises or assumed any responsibility for the correctness of any statement made or opinion or report expressed in this Prospectus. Admission of the Warrants and the ICULS to the Official List of Bursa Securities and the listing of and quotation for the Warrants, ICULS and Rights Shares on the Main Market are in no way reflective of the merits of the Rights Issue with Warrants and the OFS.

The admission of the Warrants and ICULS to the Official List of the Bursa Securities and the listing of and quotation for the Rights Shares, Warrants, ICULS and the new Shares to be issued upon the exercise of the Warrants and/or conversion of the ICULS will commence after, amongst others, receipt of confirmation from Bursa Malaysia Depository Sdn Bhd that all CDS Accounts (as defined herein) of successful entitled shareholders and/or their renounee(s) and/or their transferee(s) (if applicable) have been duly credited and notices of allotment have been despatched to them.

A copy of this Prospectus has been registered with the SC. The registration of this Prospectus should not be taken to indicate that the SC recommends the Corporate Exercises or assumes responsibility for the correctness of any statement made or opinion or report expressed in this Prospectus. The SC has not, in any way, considered the merits of the securities being offered for investment. A copy of the Documents has also been lodged with the Registrar of Companies, who takes no responsibility for the contents of the Documents.

Our Board and the Sumurwang Board (as defined herein) have seen and approved all the Documents and they collectively and individually accept full responsibility for the accuracy of the information given and confirm that, after having made all reasonable inquiries and to the best of their knowledge and belief, there are no false or misleading statements or other facts which if omitted would make the statements in the Documents false or misleading. CIMB, being the Principal Adviser, acknowledges that, based on all available information, and to the best of its knowledge and belief, this Prospectus constitutes a full and true disclosure of all material facts concerning the Corporate Exercises.

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



(Incorporated in Malaysia under the Companies Act, 1965)

- I. RENOUNCEABLE RIGHTS ISSUE OF 286,215,890 SHARES TOGETHER WITH 57,243,178 WARRANTS ON THE BASIS OF FIVE (5) RIGHTS SHARES FOR EVERY FOUR (4) EXISTING SHARES HELD AND ONE (1) WARRANT FOR EVERY FIVE (5) RIGHTS SHARES SUBSCRIBED FOR, AT AN ISSUE PRICE OF RM0.69 PER RIGHTS SHARE; AND
- II. RENOUNCEABLE RESTRICTED OFFER FOR SALE OF 289,132,870 ICULS BY SUMURWANG SDN BHD ON THE BASIS OF FIVE (5) ICULS FOR EVERY ONE (1) SHARE HELD, AT AN OFFER PRICE OF RM0.50 PER ICULS.

Principal Adviser and Lead Arranger for the Corporate Exercises
Underwriter for the Rights Issue with Warrants

Trustee for the ICULS holders



CIMB Investment Bank Berhad (18417-M)
(A Participating Organisation of Bursa Malaysia Securities Berhad)



TMF Trustees Malaysia Berhad (Company Number: 610812-W)

IMPORTANT RELEVANT DATES AND TIMES

Entitlement Date	:	Friday, 12 September 2014 at 5.00 p.m.
Last date and time for the sale of provisional allotments	:	Monday, 22 September 2014 at 5.00 p.m.
Last date and time for the transfer of provisional allotments	:	Thursday, 25 September 2014 at 4.00 p.m.
Last date and time for acceptance and payment	:	Tuesday, 30 September 2014 at 5.00 p.m.*
Last date and time for application and payment of excess	:	Tuesday, 30 September 2014 at 5.00 p.m.*

* or such later date and time as our Board, the Sumurwang Board (as the case may be) and Principal Adviser may mutually decide and announce not less than two (2) Market Days before the stipulated date and time.

This Prospectus is dated 12 September 2014

THE SC IS NOT LIABLE FOR ANY NON-DISCLOSURE ON OUR PART AND TAKES NO RESPONSIBILITY FOR THE CONTENTS OF THIS 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 PROSPECTUS.

YOU SHOULD CAREFULLY READ THIS PROSPECTUS IN ITS ENTIRETY ON THE MERITS AND RISKS PERTAINING TO THE INVESTMENT IN THE RIGHTS SHARES, ICULS AND OUR COMPANY BEFORE DECIDING WHETHER TO ACCEPT OR APPLY FOR THE RIGHTS SHARES AND/OR THE ICULS.

SHAREHOLDERS/INVESTORS SHOULD RELY ON THEIR OWN EVALUATION TO ASSESS THE MERITS AND RISKS OF THE INVESTMENT IN OUR COMPANY. IN CONSIDERING THE INVESTMENT, SHAREHOLDERS/INVESTORS WHO ARE IN ANY DOUBT AS TO THE ACTION TO BE TAKEN SHOULD CONSULT THEIR STOCKBROKERS, BANK MANAGERS, SOLICITORS, ACCOUNTANTS OR OTHER PROFESSIONAL ADVISERS IMMEDIATELY.

INVESTORS ARE ADVISED TO NOTE THAT RECOURSE FOR FALSE AND MISLEADING STATEMENTS OR ACTS MADE IN CONNECTION WITH THE PROSPECTUS ARE DIRECTLY AVAILABLE THROUGH SECTIONS 248, 249 AND 357 OF THE CAPITAL MARKETS & SERVICES ACT 2007.

SECURITIES LISTED ON BURSA MALAYSIA SECURITIES BERHAD ARE OFFERED TO THE PUBLIC PREMISED ON FULL AND ACCURATE DISCLOSURE OF ALL MATERIAL INFORMATION CONCERNING THE ISSUE FOR WHICH ANY OF THE PERSONS SET OUT IN SECTION 236 OF THE CAPITAL MARKETS & SERVICES ACT 2007, E.G. DIRECTORS AND ADVISERS, ARE RESPONSIBLE.

THE DISTRIBUTION OF THE DOCUMENTS (AS DEFINED HEREIN) IS SUBJECT TO MALAYSIAN LAWS. WE AND THE PRINCIPAL ADVISER ARE NOT RESPONSIBLE FOR THE DISTRIBUTION OF THE DOCUMENTS OUTSIDE OF MALAYSIA. WE AND THE PRINCIPAL ADVISER HAVE NOT TAKEN ANY ACTION TO PERMIT AN OFFERING OF SHARES, WARRANTS AND ICULS BASED ON THE DOCUMENTS OR THE DISTRIBUTION OF THE DOCUMENTS OUTSIDE OF MALAYSIA. THE DOCUMENTS MAY NOT BE USED FOR AN OFFER TO SELL OR AN INVITATION TO BUY SHARES, WARRANTS AND ICULS IN ANY JURISDICTION OTHER THAN MALAYSIA. WE AND THE PRINCIPAL ADVISER REQUIRE YOU TO INFORM YOURSELF OF AND TO OBSERVE SUCH RESTRICTIONS.

THE DOCUMENTS HAVE BEEN PREPARED AND PUBLISHED SOLELY FOR THE RIGHTS ISSUE WITH WARRANTS AND OFS UNDER THE LAWS OF MALAYSIA. WE AND THE PRINCIPAL ADVISER HAVE NOT AUTHORISED ANYONE TO PROVIDE YOU WITH INFORMATION WHICH IS NOT CONTAINED IN THE DOCUMENTS.

ALL TERMS USED ARE AS DEFINED IN THE "DEFINITIONS" SECTION OF THIS PROSPECTUS.

DEFINITIONS

Except where the context otherwise requires, the following definitions shall apply throughout this Prospectus:

Act	:	The Companies Act, 1965, as amended from time to time and any re-enactment thereof
Acquisitions	:	Collectively, the SOHO Land Acquisition and the Tower Land Acquisition
Aggregate Customers' Securities Account	:	The account maintained by each SSDS Participant with BNM for the ICULS holders who are not Members of RENTAS
BNM	:	Bank Negara Malaysia
Board	:	Board of Directors of I-Berhad
Bonus Issue	:	The bonus issue of Shares to be credited as fully paid-up on the basis of one (1) new Share for every five (5) Shares held by entitled shareholders of I-Berhad on the entitlement date of 14 October 2014
Bursa Depository	:	Bursa Malaysia Depository Sdn Bhd
Bursa Securities	:	Bursa Malaysia Securities Berhad
Central Securities Depository and Paying Agency Rules	:	The rules for the central securities depository and paying agency services in relation to the securities deposited in RENTAS and as modified or revised or substituted from time to time
CDS Account	:	The account established by Bursa Depository for the recording of deposit and withdrawal of securities and for dealing in such securities by the depositor
CIMB or Principal Adviser or Lead Arranger or Facility Agent	:	CIMB Investment Bank Berhad
Closing Date	:	Tuesday, 30 September 2014 at 5.00 p.m., being the last date and time for the acceptance, application and payment for the Rights Shares and the OFS ICULS or such later date and time as our Board, the Sumurwang Board (as the case may be) and Principal Adviser may mutually decide and announce not later than two (2) Market Days before the stipulated date and time
CMSA	:	Capital Markets and Services Act 2007, as amended from time to time and any re-enactment thereof
Corporate Exercises	:	Collectively, the Rights Issue with Warrants and the OFS
Documents	:	This Prospectus, together with the NPA, RSF, NPO and OAF
EGM	:	Extraordinary general meeting
EPS	:	Earnings per share

DEFINITIONS (Cont'd)

Entitlement Date	:	Friday, 12 September 2014 at 5.00 p.m., being the date and time on which I-Berhad shareholders must be registered as a member and whose names appear in our Record of Depositors, to be entitled to the Rights Issue with Warrants and the OFS
Excess OFS ICULS	:	The OFS ICULS which are not taken up or not validly taken up by the OFS Entitled Shareholders and/or their renounee(s) and/or transferee(s) prior to excess application
Excess Rights Shares	:	The Rights Shares with Warrants which are not taken up or not validly taken up by our Rights Entitled Shareholders and/or their renounee(s) and/or transferee(s) prior to excess application
FAST	:	The Fully Automated System for Issuing/Tendering, a centralised system for the origination of debt securities
Foreign Entitled Shareholders	:	Our Rights Entitled Shareholders and OFS Entitled Shareholders having an address outside Malaysia as set out in our Bursa Depository's records
FPE	:	Financial period ended
FYE	:	Financial year ended/ending
ICULS	:	The 602,600,000 five (5)-year 2% to 3% irredeemable convertible unsecured loan stocks of RM301,300,000 at 100% of its nominal value of RM0.50 each provisionally allotted by I-Berhad to Sumurwang pursuant to the completion of the Acquisitions
ICULS Conversion Price	:	RM0.68 for each new Share
ICULS Issue Date	:	The date of issue of the ICULS, being the date of allotment of the ICULS to Sumurwang and the successful subscribers of the OFS
ICULS Maturity Date	:	The fifth (5th) anniversary of the ICULS Issue Date
ICULS Trust Deed	:	The document constituting the ICULS executed between the Trustee and the Company dated 27 August 2014
Kia Peng Land Acquisition	:	The acquisition by I-Marcom Sdn Bhd, a wholly-owned subsidiary of our Company, of the piece of freehold land held under Geran 26180, Lot 242, Seksyen 63, Town and District of Kuala Lumpur, Wilayah Persekutuan Kuala Lumpur measuring approximately 1.05 acres (" Kia Peng Land ") pursuant to the sale and purchase agreement dated 24 October 2013, which was completed on 27 August 2014
LPD	:	13 August 2014, being the latest practicable date prior to the printing and despatch of this Prospectus
Main Market	:	Main Market of Bursa Securities
Market Day(s)	:	A day on which Bursa Securities is open for trading in securities

DEFINITIONS (Cont'd)

Members of RENTAS	:	Those person(s) approved to have access to or to utilise RENTAS
MMLR	:	Main Market Listing Requirements of Bursa Securities
Non-OFS Entitled Shareholders	:	Sumurwang, Sumur Ventures, Sumurwang Capital, Tan Sri Lim Kim Hong, Puan Sri Tey Siew Thuan, The Peak @ KLCC Sdn Bhd, Tay Siew Lian, Tang Soke Cheng, their related parties and connected persons
NA	:	Net assets
NPA	:	Notice of Provisional Allotment, in relation to the Rights Issue with Warrants
NPO	:	Notice of Provisional Offer, in relation to the OFS
OAF	:	Offer Acceptance Form, in relation to the OFS
OFS	:	The renounceable restricted offer for sale of the OFS ICULS to the OFS Entitled Shareholders on the OFS Entitlement Basis, at the OFS Offer Price
OFS Entitled Shareholders	:	The shareholders of I-Berhad (save for the Non-OFS Entitled Shareholders) whose names appear in the Record of Depositors of our Company as at the Entitlement Date in order to be entitled to the OFS
OFS Entitlement Basis	:	The entitlement basis for OFS, being five (5) OFS ICULS for every one (1) Share held on the Entitlement Date
OFS ICULS	:	The 289,132,870 ICULS offered by Sumurwang under the OFS
OFS Offer Price	:	The offer price of RM0.50 per OFS ICULS
Own Securities Account	:	The account maintained by each SSDS Participant with BNM for holding its own ICULS
Prospectus	:	This prospectus dated 12 September 2014 relating to the Rights Issue with Warrants and the OFS
Provisional Allotments of Rights	:	Rights Shares and Warrants provisionally allotted to our Rights Entitled Shareholders
Provisional Offer of ICULS	:	OFS ICULS provisionally offered to our OFS Entitled Shareholders
RCULS	:	The RCULS-A and RCULS-B, collectively
RCULS-A	:	The 264,000,000 five (5)-year 3% to 5% redeemable convertible unsecured loan stocks of RM132,000,000 at 100% of its nominal value of RM0.50 each issued by I-Berhad pursuant to the completion of the Kia Peng Land Acquisition
RCULS-B	:	The 138,000,000 five (5)-year 3% to 5% redeemable convertible unsecured loan stocks of RM69,000,000 at 100% of its nominal value of RM0.50 each issued by I-Berhad

DEFINITIONS (Cont'd)

		pursuant to the completion of the Acquisitions
Record of Depositors	:	The shareholders of I-Berhad who are registered as a member and whose names appear in the record of depositors maintained at Bursa Depository
RENTAS	:	The real time electronic transfer of funds and securities system operated and managed by Malaysian Electronic Clearing Corporation Sdn Bhd, as agent for BNM
Rights Entitled Shareholders	:	The shareholders of I-Berhad whose names appear in the Record of Depositors of our Company as at the Entitlement Date in order to be entitled to the Rights Issue with Warrants
Rights Entitlement Basis	:	The entitlement basis for the Rights Issue with Warrants, being five (5) Rights Shares for every four (4) existing Shares held on the Entitlement Date and one (1) Warrant for every five (5) Rights Shares subscribed for by our Rights Entitled Shareholders
Rights Issue Price	:	The issue price of RM0.69 per Rights Share
Rights Issue Proceeds	:	Gross proceeds of RM197,488,964 from the Rights Issue with Warrants
Rights Issue with Warrants	:	The renounceable rights issue of the Rights Shares together with the Warrants on the Rights Entitlement Basis, at the Rights Issue Price
Rights Shares	:	The 286,215,890 new Shares to be issued 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
Rules of Bursa Depository	:	The rules of Bursa Depository as issued pursuant to SICDA
Scripless Securities Depository System or SSDS	:	A component of RENTAS which is an electronic book-entry depository system to effect and record the settlement of the ICULS, and the associated settlement of payments
SC	:	Securities Commission Malaysia
Share(s)	:	Ordinary share(s) of par value RM0.50 each in I-Berhad
SICDA	:	Securities Industry (Central Depositories) Act, 1991, as amended from time to time and any re-enactment thereof
SOHO Land Acquisition	:	The acquisition by I-City Properties Sdn Bhd, a wholly-owned subsidiary of our Company, of the piece of freehold land held under Geran 311884, Lot 16964, Seksyen 7, Bandar Shah Alam, District of Petaling, State of Selangor Darul Ehsan measuring approximately 12.13 acres (" SOHO Land") pursuant to the sale and purchase agreement dated 20 December 2013 and supplemental agreement dated 12 May 2014, which was completed on 27 August 2014

DEFINITIONS (Cont'd)

SSDS Participant	:	A member of RENTAS who is approved to open and maintain a securities account in SSDS for its own account and/or its customers
Sumur Ventures	:	Sumur Ventures Sdn Bhd
Sumuracres	:	Sumuracres Sdn Bhd
Sumurwang	:	Sumurwang Sdn Bhd
Sumurwang Board	:	The board of directors of Sumurwang
Sumurwang Capital	:	Sumurwang Capital Sdn Bhd
TEAP	:	Theoretical ex-all price, after taking into account the Rights Issue with Warrants and Bonus Issue
TERP	:	Theoretical ex-rights price, after taking into account the Rights Issue with Warrants only
Tower Land Acquisition	:	The acquisition by City Centrepoint Sdn Bhd, a wholly-owned subsidiary of our Company, of the piece of freehold land held under H.S.(D) 298169, PT 23957, Seksyen 7, Bandar Shah Alam, Daerah Petaling, Negeri Selangor Darul Ehsan, measuring approximately 7.45 acres (formerly forming part of the land held under Geran 311886, Lot 16966, Seksyen 7, Bandar Shah Alam, Daerah Petaling, Negeri Selangor Darul Ehsan) (" Tower Land ") pursuant to the sale and purchase agreement dated 20 December 2014 and supplemental agreement dated 12 May 2014, which was completed on 27 August 2014
Treasury Shares	:	The Shares bought back or to be bought back by I-Berhad and retained as treasury shares from time to time. As at the date of this Prospectus, I-Berhad does not retain any Treasury Shares
Trustee	:	TMF Trustees Malaysia Berhad, being the trustee for the ICULS holders
Underwriter	:	CIMB Investment Bank Berhad, being the underwriter for the Rights Issue with Warrants
Underwriting Agreement	:	Underwriting agreement dated 28 August 2014 relating to the Rights Issue with Warrants between our Company and the Underwriter
VWAMP	:	Volume weighted average market price
Warrants	:	The 57,243,178 free detachable warrants to be issued in conjunction with the Rights Shares on the basis of one (1) Warrant for every five (5) Rights Share subscribed for by the Rights Entitled Shareholders
Warrants Deed Poll	:	The deed poll executed by our Company on 28 August 2014 constituting the Warrants
Warrants Exercise Price	:	The exercise price of the Warrants of RM1.69, being the price at which one (1) Warrant is exercisable into one (1) new Share

DEFINITIONS (Cont'd)

All references to “we”, “us”, “our”, “ourselves” and “our Company” in this Prospectus are to I-Berhad, and where the context otherwise requires, “our subsidiaries” refers to the subsidiaries of I-Berhad. Our “Group” collectively refers to our Company, subsidiaries and associates. All references to “you” and “your” in this Prospectus are to the shareholders of our Company.

Words denoting the singular shall, where applicable, include the plural and vice versa, and words denoting the masculine gender shall, where applicable, include the feminine and/or neuter genders, and vice versa. References to persons shall include corporations, unless otherwise specified.

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

Any discrepancies in the tables included in this Prospectus between the amounts listed, actual figures and the totals thereof are due to rounding.

Certain statements in this Prospectus may be forward-looking in nature, which are subject to uncertainties and contingencies. Forward-looking statements may contain estimates and assumptions made by our Board after due enquiry, which are nevertheless subject to known and unknown risks, uncertainties and other factors which may cause the actual results, performance or achievements to differ materially from the anticipated results, performance or achievements expressed or implied in such forward-looking statements. In light of these and other uncertainties, the inclusion of a forward-looking statement in this Prospectus should not be regarded as a representation or warranty that our Company's plans and objectives will be achieved.

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CORPORATE DIRECTORY



(Incorporated in Malaysia under the Companies Act, 1965)

BOARD OF DIRECTORS

Name	Address	Profession	Nationality
Tan Sri Lim Kim Hong (Executive Chairman)	No. 14, Jalan 16/14, 46350 Petaling Jaya, Selangor	Executive Chairman	Malaysian
Dato' Eu Hong Chew (Deputy Chairman/ Non-Executive Director)	No. 33, Jalan Aminuddin Baki, Taman Tun Dr. Ismail, 60000 Kuala Lumpur, Wilayah Persekutuan	Deputy Chairman	Malaysian
Puan Sri Tey Siew Thuan (Executive Director)	No. 14, Jalan 16/14, 46350 Petaling Jaya, Selangor	Executive Director	Malaysian
Liang Yew Ming (Independent Non-Executive Director)	24-B5, 4 th Floor, Jalan SS6/3, Kelana Jaya, 47301 Petaling Jaya, Selangor	Company Director	Malaysian
Ong Poh Ling (Non-Executive Director)	No. 30, Jalan Istana, 41000 Klang, Selangor	Company Director	Malaysian
Goh Yeang Kheng (Independent Non-Executive Director)	No. 6, Jalan Margosa SD10/8, Bandar Sri Damansara, 52200 Kuala Lumpur, Wilayah Persekutuan	Company Director	Malaysian

AUDIT COMMITTEE

Name	Designation	Directorship
Liang Yew Ming	Chairman	Independent Non-Executive Director
Ong Poh Ling	Member	Non-Executive Director
Goh Yeang Kheng	Member	Independent Non-Executive Director

CORPORATE DIRECTORY (Cont'd)

- COMPANY SECRETARY** : Too Yet Lan (MAICSA 0817992)
No. 8 Jalan USJ 12/2B
47630 UEP Subang Jaya
Selangor Darul Ehsan
Telephone No.: 603 5521 8800
Fax No.: 603 5521 8810
- REGISTERED OFFICE** : D-1-4, Jalan Multimedia 7/AJ,
CityPark, i-City
40000 Shah Alam
Selangor Darul Ehsan
Telephone No.: 603 5521 8800
Fax No.: 603 5521 8810
Website: <http://www.i-city.my>
E-mail: cs@i-bhd.com
- HEAD OFFICE** : D-1-G, Jalan Multimedia 7/AJ
CityPark, i-City
40000 Shah Alam
Selangor Darul Ehsan
Telephone No.: 603 5521 8800
Fax No.: 603 5521 8810
- PRINCIPAL ADVISER / LEAD ARRANGER /
UNDERWRITER FOR THE RIGHTS ISSUE
WITH WARRANTS** : CIMB Investment Bank Berhad
17th Floor, Menara CIMB
Jalan Stesen Sentral 2
Kuala Lumpur Sentral
50470 Kuala Lumpur
Malaysia
Telephone No.: 603 2261 8888
Fax No.: 603 2261 8889
- AUDITORS AND REPORTING
ACCOUNTANTS** : BDO (AF 0206)
12th Floor, Menara Uni.Asia
1008, Jalan Sultan Ismail
50250 Kuala Lumpur
Telephone No.: 603 2616 2888
Fax No.: 603 2616 3190
- SOLICITORS** : Messrs. Albar & Partners
6th Floor, Faber Imperial Court
Jalan Sultan Ismail
50250 Kuala Lumpur
Telephone No.: 603 2078 5588
Fax No.: 603 2070 0103

CORPORATE DIRECTORY (Cont'd)

- PRINCIPAL BANKERS** : HSBC Bank Malaysia Berhad
No 2, Leboh Ampang
50100 Kuala Lumpur
Malaysia
Telephone No.: 603 2075 3000
Fax No.: 603 2031 094
- Malayan Banking Berhad
Menara Maybank
100, Jalan Tun Perak
50050 Kuala Lumpur
Malaysia
Telephone No.: 603 2070 8833
Fax No.: 603 2070 2611
- SHARE REGISTRAR** : Tricor Investor Services Sdn. Bhd.
Level 17, The Gardens North Tower
Mid Valley City, Lingkaran Syed Putra
59200 Kuala Lumpur
Telephone No.: 603 2264 3883
Fax No.: 603 2282 1886
- FACILITY AGENT** : In the event the ICULS are listed on the Main Market
- Tricor Investor Services Sdn. Bhd.
Level 17, The Gardens North Tower
Mid Valley City, Lingkaran Syed Putra
59200 Kuala Lumpur
Telephone No.: 603 2264 3883
Fax No.: 603 2282 1886
- In the event the ICULS are not listed on the Main Market
- CIMB Investment Bank Berhad
Level 17, Menara CIMB
Jalan Stesen Sentral 2
Kuala Lumpur Sentral
50470 Kuala Lumpur
Telephone No.: 603 2261 8888
Fax No.: 603 2261 9890 / 603 2261 9891
- PAYING AGENT (LISTED ICULS)** : Tricor Investor Services Sdn. Bhd.
Level 17, The Gardens North Tower
Mid Valley City, Lingkaran Syed Putra
59200 Kuala Lumpur
Telephone No.: 603 2264 3883
Fax No.: 603 2282 1886
- TRUSTEE FOR THE ICULS HOLDERS** : TMF Trustees Malaysia Berhad
10th Floor, Menara Hap Seng
No. 1 & 3 Jalan P. Ramlee
50250 Kuala Lumpur
Telephone No.: 603 2382 4288
Fax No.: 603 2026 1451

CORPORATE DIRECTORY (Cont'd)

CUSTODIAN NOMINATED BY I-BERHAD TO HOLD THE ICULS IN A SECURITIES ACCOUNT MAINTAINED WITH A SSDS PARTICIPANT IN FAVOUR OF SUCCESSFUL SUBSCRIBERS WHO ARE NOT SSDS PARTICIPANTS (IN THE EVENT THAT THE ICULS ARE NOT LISTED) : Pacific Trustees Berhad
Unit A-9-8, 9th Floor
Megan Avenue 1
No. 189, Jalan Tun Razak
Off Persiaran Hampshire
50400 Kuala Lumpur
Telephone No.: 603 2166 8830
Fax No.: 603 2166 3830

STOCK EXCHANGE LISTING AND LISTING SOUGHT : Main Market

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**LETTER TO THE SHAREHOLDERS OF I-BERHAD IN RELATION TO THE RIGHTS ISSUE WITH
WARRANTS AND OFS**



Registered Office:

D-1-4, Jalan Multimedia 7/AJ
CityPark, i-City
40000 Shah Alam
Selangor Darul Ehsan

12 September 2014

Board of Directors:

Tan Sri Lim Kim Hong (*Executive Chairman*)
Dato' Eu Hong Chew (*Deputy Chairman/ Non-Executive Director*)
Puan Sri Tey Siew Thuan (*Executive Director*)
Mr. Liang Yew Ming (*Independent Non-Executive Director*)
Madam Ong Poh Ling (*Non-Executive Director*)
Madam Goh Yeang Kheng (*Independent Non-Executive Director*)

To: Our Shareholders

Dear Sir/Madam

- I. **RENOUNCEABLE RIGHTS ISSUE OF 286,215,890 RIGHTS SHARES TOGETHER WITH 57,243,178 WARRANTS ON THE BASIS OF FIVE (5) RIGHTS SHARES FOR EVERY FOUR (4) EXISTING SHARES HELD ON THE ENTITLEMENT DATE AND ONE (1) WARRANT FOR EVERY FIVE (5) RIGHTS SHARES SUBSCRIBED FOR BY THE RIGHTS ENTITLED SHAREHOLDERS, AT AN ISSUE PRICE OF RM0.69 PER RIGHTS SHARE; AND**
- II. **RENOUNCEABLE RESTRICTED OFFER FOR SALE OF 289,132,870 ICULS BY SUMURWANG TO THE OFS ENTITLED SHAREHOLDERS ON THE BASIS OF FIVE (5) ICULS FOR EVERY ONE (1) EXISTING SHARE HELD ON THE ENTITLEMENT DATE, AT AN OFFER PRICE OF RM0.50 PER ICULS.**

1. INTRODUCTION

- 1.1 On 20 December 2013, CIMB, on behalf of our Board, had announced, that the Company proposes to undertake, amongst others, the Rights Issue with Warrants and the OFS, including the SOHO Land Acquisition and the Tower Land Acquisition.
- 1.2 On 28 March 2014, CIMB, on behalf of our Board, had announced that the SC had approved and authorised the issuance of the ICULS vide its letter dated 26 March 2014.

LETTER TO THE SHAREHOLDERS OF I-BERHAD IN RELATION TO THE RIGHTS ISSUE WITH WARRANTS AND OFS (Cont'd)

The SC's approval and authorisation is subject to the following conditions:

Conditions imposed	Status of compliance
(a) Prior to the issuance of the ICULS, the Company is required to submit a checklist of compliance with the conditions imposed in the said letter, standard conditions and continuing obligations as stipulated in the SC Guidelines and the Guidelines on Private Debt Securities, and any other letter issued in connection with the proposal.	To be complied
(b) The provisions under the CMSA, guidelines, notices and circulars issued or administered by the SC are an integral part of the SC's approval and must be complied with. CIMB and our Company are reminded that any contravention or non-compliance with any approval condition will be subject to enforcement actions by the SC as provided under the CMSA.	Noted

1.3 On 27 June 2014, CIMB, on behalf of our Board had announced that Bursa Securities had vide its letter dated 26 June 2014, granted its approval for, amongst others, the following:

- (i) the admission, listing of and quotation for:
 - (a) up to 70,000,000 Warrants arising pursuant to the Rights Issue with Warrants; and
 - (b) up to 602,600,000 ICULS arising from the SOHO Land Acquisition and Tower Land Acquisition; and
- (ii) the listing of and quotation for, amongst others, the following on the Main Market:
 - (a) up to 349,795,481 new Shares pursuant to the Rights Issue with Warrants;
 - (b) up to 70,000,000 new Shares to be issued by I-Berhad pursuant to the exercise of the Warrants in connection with the Rights Issue with Warrants; and
 - (c) the aggregate of up to 709,248,532 new Shares to be issued arising from the conversion of the ICULS, RCULS-A and RCULS-B issued pursuant to the Kia Peng Land Acquisition, the SOHO Land Acquisition and the Tower Land Acquisition.

Bursa Securities' approval is subject to, amongst others, the following conditions in relation to the Rights Issue with Warrants:

Conditions imposed	Status of compliance
(1) I-Berhad and its adviser must fully comply with the relevant provisions under the MMLR pertaining to the implementation of the above proposals.	Noted
(2) I-Berhad and its adviser to inform Bursa Securities upon the completion of the above proposals.	To be complied

LETTER TO THE SHAREHOLDERS OF I-BERHAD IN RELATION TO THE RIGHTS ISSUE WITH WARRANTS AND OFS (Cont'd)

Conditions imposed	Status of compliance
(3) To incorporate the comments made in the circular to shareholders provided in the attachment.	Complied
(4) I-Berhad to furnish Bursa Securities with a written confirmation of its compliance with the terms and conditions of Bursa Securities' approval once the above proposals are completed.	To be complied
(5) The certified true copy of the resolution passed by the shareholders in general meeting approving the above proposals.	Complied via letter to Bursa Securities dated 23 July 2014
1.4 We had on 12 May 2014 received nomination letters dated 9 May 2014 from The Peak @ KLCC Sdn Bhd (" The Peak @ KLCC "), being the vendor under both the SOHO Land Acquisition and the Tower Land Acquisition, whereby The Peak @ KLCC had nominated and identified Sumurwang as the registered and beneficial holder of the ICULS and RCULS-B to be issued as settlement for the SOHO Land Acquisition and the Tower Land Acquisition (" Nomination Letters "). In connection with the Nomination Letters, Sumurwang had also on the same date provided its irrevocable and unconditional undertaking to I-Berhad to carry out the OFS as part of the SOHO Land Acquisition and the Tower Land Acquisition in place of The Peak @ KLCC (" Sumurwang Undertaking "). Both the Nomination Letters and the Sumurwang Undertaking was announced by CIMB, on behalf of our Board, on 12 May 2014. A certified true extract of Sumurwang's shareholders' resolution authorising the OFS at its EGM convened on 9 May 2014 is set out in Appendix II of this Prospectus.	
1.5 On 22 July 2014, our shareholders had approved, amongst others, the Rights Issue with Warrants, the SOHO Land Acquisition and the Tower Land Acquisition at our EGM convened on the same date. A certified true extract of the resolutions pertaining to the Rights Issue with Warrants, SOHO Land Acquisition and Tower Land Acquisition which were passed at the said EGM is set out in Appendix I of this Prospectus.	
1.6 On 12 August 2014, CIMB, on behalf of our Board had announced that the SOHO Land Acquisition and the Tower Land Acquisition had become unconditional.	
1.7 On 27 August 2014, CIMB, on behalf of our Board had announced:	
(i) that our Company had on even date executed the ICULS Trust Deed constituting the ICULS;	
(ii) that both the SOHO Land Acquisition and the Tower Land Acquisition had been completed and for the settlement of the Acquisitions, our Company had provisionally allotted the ICULS and issued the RCULS-B to Sumurwang;	
(iii) the price of the Rights Issue with Warrants had been fixed at the Rights Issue Price together with the Rights Entitlement Basis;	
(iv) that the exercise price of the Warrants, in conjunction with the Rights Issue with Warrants had also been fixed at the Warrants Exercise Price; and	
(v) that the entitlement basis for the OFS has been fixed at the OFS Entitlement Basis.	

LETTER TO THE SHAREHOLDERS OF I-BERHAD IN RELATION TO THE RIGHTS ISSUE WITH WARRANTS AND OFS (Cont'd)

1.8 On 28 August 2014, CIMB, on behalf of our Board had announced:

- (i) that our Company had entered into the Underwriting Agreement; and
- (ii) that the entitlement date for the Rights Issue with Warrants and OFS had been fixed at 5.00 p.m. on 12 September 2014.

No person is authorised to give any information or to make any representation not contained in this Prospectus in connection with the Corporate Exercises, and if given or made, such information or representation must not be relied upon as having been authorised by us and/or CIMB.

FOR AVOIDANCE OF DOUBT, THE RIGHTS ISSUE WITH WARRANTS AND THE OFS ARE SEPARATE PROPOSALS AND THEIR RESPECTIVE ENTITLEMENTS ARE NOT RELATED TO ONE ANOTHER. ENTITLED SHAREHOLDERS, RENOUNCEE(S) AND/OR TRANSFEREE(S) (IF APPLICABLE) ARE ADVISED THAT ANY APPLICATION FOR THE RIGHTS ISSUE WITH WARRANTS DO NOT INVOLVE ANY ENTITLEMENTS TO THE OFS ICULS AND VICE VERSA.

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 ADVISER IMMEDIATELY.

2. DETAILS OF THE RIGHTS ISSUE WITH WARRANTS

2.1 Details of the Rights Issue with Warrants

The Rights Issue with Warrants entails a provisional allotment of 286,215,890 Rights Shares together with 57,243,178 Warrants to the Rights Entitled Shareholders on the basis of five (5) Rights Shares for every four (4) existing Shares held with one (1) Warrant for every five (5) Rights Shares subscribed for by the Rights Entitled Shareholders on the Entitlement Date at the Rights Issue Price.

Based on this, an aggregate of RM197,488,964 will be raised from the Rights Issue with Warrants, and RM96,740,971 will be raised, assuming the full exercise of the Warrants.

The Warrants are attached to the Rights Shares without any cost and shall only be issued to the Rights Entitled Shareholders and/or their renounee(s) and/or transferee(s) who subscribe for the Rights Shares pursuant to the Rights Issue with Warrants. For avoidance of doubt, the Rights Shares and the Warrants are not separately renouneeable. Should the Rights Entitled Shareholders renounce all or any part of their entitlements to the Rights Shares, they will not be entitled to the Warrants attached thereto. The renunciation of the Rights Shares by the Rights Entitled Shareholders will accordingly entail the renunciation of the Warrants to be issued together with the Rights Shares. Nonetheless, the Warrants will be detached from the Rights Shares immediately upon issue and will be traded separately on the Main Market.

Any fractional entitlements under the Rights Shares with Warrants arising from the Rights Issue with Warrants shall be disregarded and will be included in the pool of Excess Rights Shares to be made available for excess application.

LETTER TO THE SHAREHOLDERS OF I-BERHAD IN RELATION TO THE RIGHTS ISSUE WITH WARRANTS AND OFS (Cont'd)

Any Rights Shares with Warrants which are not taken up or not validly taken up by the Rights Entitled Shareholders, will be made available for excess application by the Rights Entitled Shareholders and/or their renounees and/or transferees (if applicable).

It is the intention of our Board to allocate the Excess Rights Shares, if any, in a fair and equitable manner. As such, our Board intends to allocate the Excess Rights Shares on a pro-rata basis to our Rights Entitled Shareholders and/or their renounees and/or transferees (if applicable) who have applied for Excess Rights Shares in the manner set out in Section 12.6 of this Prospectus.

As you are a Rights Entitled Shareholder and the Shares are prescribed securities, your CDS Account will be duly credited with the number of Provisional Allotments of Rights 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 Prospectus, the NPA notifying you of the crediting of such securities 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 if you choose to do so.

Any dealing in our securities will be subject to, inter alia, the provisions of the SICDA, 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 share certificates or warrant certificates will be issued but notices of allotment will be despatched to successful applicants.

Within eight (8) Market Days from the last date of acceptance and payment for the Rights Shares with Warrants or such other date as may be prescribed by Bursa Securities, we will:

- (i) allot the Rights Shares with Warrants;
- (ii) despatch notices of allotment to the allottees; and
- (iii) make an application for quotation for the Rights Shares with Warrants on the Main Market.

The Rights Shares with Warrants will then be listed and quoted on the Main Market two (2) Market Days after the application for quotation is made to Bursa Securities.

We intend to implement the Bonus Issue upon the completion of the Rights Issue with Warrants. The entitlement date of the Bonus Issue has been determined by our Board to be on 5.00 p.m. 14 October 2014.

The Bonus Issue involves the bonus issue of new Shares to be credited as fully paid-up on the basis of one (1) new Share for every five (5) Shares held by entitled shareholders of our Company to be effected by way of capitalisation from our Company's share premium account. Based on our Company's latest audited financial statements as at 31 December 2013 and latest unaudited quarterly financial results as at 30 June 2014, the share premium for both periods was approximately RM60.17 million.

For avoidance of doubt, the implementation of the Bonus Issue is not conditional upon the completion of the Rights Issue with Warrants. In the event that the Rights Issue with Warrants is not completed for whatsoever reason, the Bonus Issue will continue to be implemented.

LETTER TO THE SHAREHOLDERS OF I-BERHAD IN RELATION TO THE RIGHTS ISSUE WITH WARRANTS AND OFS (Cont'd)

For illustrative purposes only, based on the enlarged issued and paid-up share capital of our Company after the Rights Issue with Warrants of 515,188,602 Shares, a total of 103,037,720 new Shares shall be issued and allotted due to the Bonus Issue.

2.2 Basis of determining the Rights Issue Price and the Warrants Exercise Price

The Rights Issue Price of RM0.69 represents:

- (i) a discount of approximately 66.5% to the five (5)-Market Day VWAMP of RM2.06 of our Shares up to 26 August 2014, being the last day of trading prior to the announcement of the price-fixing of the Rights Shares on 27 August 2014;
- (ii) a discount approximately 46.9% to the TERP of our Shares of RM1.30, computed based on the five (5)-Market Day VWAMP up to 26 August 2014. The discount to TERP is in line with precedent rights issue exercises; and
- (iii) a discount of approximately 36.1% to the TEAP of our Shares of RM1.08 computed based on the five (5)-Market Day VWAMP up to 26 August 2014.

The Warrants Exercise Price was determined based on a premium of 30.0% to the TERP of RM1.30, which takes into account amongst others, the funding requirements of our Company and the expected timing of such requirements over the next five (5) years.

2.3 Ranking of the Rights Shares and the new Shares to be issued arising from the exercise of the Warrants

The Rights Shares and the new Shares to be issued pursuant to the exercise of the Warrants shall, upon allotment and issuance, rank *pari passu* in all respects with each other and with the then existing Shares, save and except that they shall not be entitled to any dividends, rights, allotments and/or other distributions, which may be declared, made or paid to the shareholders of I-Berhad, the entitlement date of which precedes the date of allotment of the Rights Shares and the date of allotment of the new Shares issued pursuant to the exercise of the Warrants from time to time during the Warrants' tenure.

The Warrants shall, as between the Warrants holders, rank *pari passu* in all respects and rateably among themselves, if applicable.

2.4 Principal terms of the Warrants

The principal terms of the Warrants are as follows:

Issue Size	:	57,243,178 Warrants
Issuer	:	I-Berhad
Form	:	The Warrants, which are issued with the Rights Shares will be immediately detached upon issue and separately traded. The Warrants will be issued in registered form and constituted by the Warrants Deed Poll
Tenure	:	Five (5) years from and inclusive of the date of issue of the Warrants
Exercise Rights	:	Each Warrant entitles the holder to subscribe for one (1) new Share at the Warrants Exercise Price satisfied in

LETTER TO THE SHAREHOLDERS OF I-BERHAD IN RELATION TO THE RIGHTS ISSUE WITH WARRANTS AND OFS (Cont'd)

- cash. The number of Warrants may from time to time be adjusted in accordance with the provisions of the Warrants Deed Poll
- Exercise Price : Subject to adjustments in accordance with the provisions of the Warrants Deed Poll, the exercise price of the Warrants had been fixed at RM1.69 for each Warrant
- Exercise Period : The period commencing from the date of the issue of the Warrants and ending at the close of business at 5.00 p.m. in Kuala Lumpur on the date which is five (5) years from and inclusive of the date of issue of the Warrants. Any Warrants not exercised during the aforesaid exercise period will thereafter lapse and become void
- I-Berhad shall within eight (8) Market Days from the date of exercise (or such other period as may be prescribed by Bursa Securities) allot and issue the new Shares, despatch notices of allotment to the holder who has exercised the Warrants and to make an application to Bursa Securities for the listing and quotation of the said Shares.
- Distribution rights of the Warrants : The Warrants are not entitled to any dividends, rights, allotments and/or other distributions to any existing Shares until such Warrants are exercised (before the entitlement date) and new Shares are issued and allotted to such Warrant holders
- Status of new Shares arising from the exercise of the Warrants : The new Shares to be issued arising from the exercise of the Warrants shall, upon allotment and issuance, rank *pari passu* in all respects with each other and with the then Shares, save and except that such new Shares shall not be entitled to any dividends, rights, allotments and/or other distributions, which may be declared, made or paid to shareholders, the entitlement date of which precedes the date of allotment of such new Shares
- Adjustments to the exercise price and/or number of Warrants : The Warrants Exercise Price and/or number of unexercised Warrants may be adjusted by the Board, in consultation with its professional advisers, in the event of alteration to the share capital of I-Berhad, capital distribution or issue of shares or any other events in accordance with the provisions of the Warrants Deed Poll
- Transferability : Subject to the provisions of SICDA and the Rules of the Central Depository, the Warrants shall be transferable by an instrument of transfer in any usual or common form or such other form as may be prescribed and approved by the directors of our Company and Bursa Securities

LETTER TO THE SHAREHOLDERS OF I-BERHAD IN RELATION TO THE RIGHTS ISSUE WITH WARRANTS AND OFS (Cont'd)

- Modification : Save as expressly provided for in the Warrants Deed Poll, no modifications, amendments or addition to the Warrants Deed Poll (including the form and content of the global warrant certificate) may be made without the passing of a special resolution, other than but subject to the prior approval of Bursa Securities:
- (i) modifications which are not materially prejudicial to the interests of the Warrants holders; or
 - (ii) modifications which are made to correct a manifest error or to comply with mandatory provisions of the laws of Malaysia (or any regulations issued by any relevant authority).
- Listing : Bursa Securities, vide its letter dated 26 June 2014, had granted its approval for the admission, listing of and quotation for the Warrants and the listing of and quotation for the new Shares to be issued upon exercise of the Warrants
- Board lot : The Warrants shall be tradable upon listing in board lots of 100 Warrants, or such denomination as may be determined by Bursa Securities
- Rights of the holders of the Warrants in the event of winding-up, compromise or arrangement : If whilst any Warrants remain capable of being exercised, a resolution has been passed for a member's voluntary winding-up of the Company or where there is a court order approving a scheme of compromise or arrangement (within the meaning of Section 176 of the Act), 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 winding-up, compromise or arrangement to which the Warrants holders or some person designated by them for such purposes by special resolution shall be a party, the terms of such winding-up, compromise or arrangement shall be binding on all the Warrants holders; and
 - (ii) any other case, every Warrants holder shall be entitled upon and subject to these conditions 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 compromise or arrangement, by irrevocable surrender of his Warrants to the Company by submitting the duly completed subscription form authorising the debiting of his/its Warrants together with payment of the relevant subscription price by banker's draft

**LETTER TO THE SHAREHOLDERS OF I-BERHAD IN RELATION TO THE RIGHTS ISSUE WITH
WARRANTS AND OFS (Cont'd)**

(such payment being free of any foreign exchange commission, remittance charges, or other deductions), to elect to be treated as if the Warrants holder had immediately prior to the commencement of the winding-up, compromise or arrangement exercised the subscription rights represented by such Warrants to the extent specified in the subscription form and be entitled to receive out of the assets of the Company which would be available in liquidation if he had on such date been the holder of the new Shares to which he would have become entitled pursuant to such exercise and the liquidator of the Company shall give effect to such election accordingly.

The Company shall give notice of any such resolution within seven (7) days after the passing or granting thereof or the granting of any such court order approving such compromise or arrangement. Subject to the foregoing, if the Company is wound-up or an order has been granted for such compromise or arrangement, all subscription rights which have not been exercised within the six (6) weeks of 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 compromise or arrangement, as the case may be, shall lapse and any Warrants representing all such subscription rights shall cease to be valid for any purpose.

For the avoidance of doubt, if the Company is wound up (other than by way of a members' voluntary winding-up), all subscription rights which have not been exercised prior to the date of commencement of the winding up shall lapse and the Warrants shall cease to be valid for any purpose

- Constitution : The Warrants shall be constituted by the Warrants Deed Poll
- Governing law : Laws of Malaysia and the exclusive jurisdiction of the Courts of Malaysia

LETTER TO THE SHAREHOLDERS OF I-BERHAD IN RELATION TO THE RIGHTS ISSUE WITH WARRANTS AND OFS (Cont'd)

2.5 Last time and date for acceptance, application and payment for the Rights Issue with Warrants

The last time and date for acceptance, application and payment for the Rights Issue with Warrants is 5.00 p.m. on Tuesday, 30 September 2014, or such later time and date as our Board and our Principal Adviser may mutually decide and announce not later than two (2) Market Days before the stipulated time and date.

3. DETAILS OF THE OFS

3.1 Details of the OFS

As at the date of this Prospectus, the ICULS have been provisionally allotted as part settlement of the Acquisitions, which were completed on 27 August 2014. The remaining consideration for the Acquisitions was settled in the form of the issuance and allotment of the RCULS-B to Sumurwang. Further details of the RCULS-B are set out in Section 3 of Appendix III of this Prospectus.

Pursuant to the Nomination Letters and the Sumurwang Undertaking, Sumurwang has irrevocably and unconditionally undertaken to make an offer for sale of up to 50% of the ICULS provisionally allotted to it to the OFS Entitled Shareholders, within six (6) months from the date of completion of the SOHO Land Acquisition and the Tower Land Acquisition.

Based on the OFS Entitlement Basis, the OFS will result in an offer for sale of 289,132,870 ICULS by Sumurwang at the OFS Offer Price, representing approximately 48% of the total ICULS. This will result in an aggregate of RM144,566,435 being raised through the OFS, subject to the level of acceptance by OFS Entitled Shareholders, all of which shall accrue to Sumurwang, being the offeror under the OFS.

For avoidance of doubt, the OFS is not conditional upon the listing of the ICULS on Bursa Securities since the primary objective of the OFS is to provide the OFS Entitled Shareholders the opportunity to participate in the ICULS provisionally allotted to Sumurwang following from the completion of the Acquisitions and to minimise dilution.

The OFS is proposed to also facilitate the listing of the ICULS. The ICULS will be listed subject to Bursa Securities' approval and the requirements or conditions as may be determined or imposed by Bursa Securities, including having sufficient spread to maintain an orderly market. Notwithstanding the ICULS may or may not be listed, the OFS shall continue to be implemented. In the event that the ICULS are not listed, the OFS Entitled Shareholders and/or their renounee(s) and/or transferee(s) who successfully subscribe for the OFS ICULS will hold unlisted ICULS with the continued benefit of receiving coupons and converting the ICULS into new Shares in accordance with the terms of the ICULS. Details setting out the circumstances where the ICULS are listed and not listed are described below.

The OFS involves the renounceable restricted offer for sale by Sumurwang of the OFS ICULS to you. The OFS ICULS offered by Sumurwang shall be provisionally offered on the basis of five (5) ICULS for every one (1) existing Share held by OFS Entitled Shareholders on the Entitlement Date.

LETTER TO THE SHAREHOLDERS OF I-BERHAD IN RELATION TO THE RIGHTS ISSUE WITH WARRANTS AND OFS (Cont'd)

Any fractional entitlements under the OFS ICULS arising from the OFS will be disregarded and will be included in the pool of Excess OFS ICULS to be made available for excess application.

Any OFS ICULS which are not taken up or not validly taken up by the OFS Entitled Shareholders, will be made available for excess application by the OFS Entitled Shareholders and/or their renounee(s) and/or transferee(s) (if applicable).

It is the intention of our Board to allocate the Excess OFS ICULS, if any, in a fair and equitable manner. As such, our Board intends to allocate the Excess OFS ICULS on a pro-rata basis to our OFS Entitled Shareholders and/or their renounee(s) and/or transferee(s) (if applicable) who have applied for the Excess OFS ICULS in the manner set out in Section 13.6 of this Prospectus.

As you are an OFS Entitled Shareholder, your CDS Account will be duly credited with the number of Provisional Offer of ICULS which you are entitled to subscribe for in full or in part under the terms of the OFS. You will find enclosed in this Prospectus, the NPO notifying you of the crediting of such securities into your CDS Account and the OAF to enable you to subscribe for the OFS ICULS provisionally allotted to you, as well as to apply for Excess OFS ICULS if you choose to do so.

ICULS to be listed on the Main Market

In the event that the ICULS are to be listed, the ICULS shall be prescribed securities. Any dealing in our securities will be subject to, *inter alia*, the provisions of the SICDA, the Securities Industry (Central Depositories) (Amendment) Act, 1998, the Rules of Bursa Depository and any other relevant legislation. Accordingly, upon subscription, the OFS ICULS will be credited directly into the respective CDS Accounts of the successful subscribers. No physical loan stock certificates will be issued but notices of allotment will be despatched to successful subscribers.

Within eight (8) Market Days from the last date of acceptance and payment for the OFS ICULS or such other date as may be prescribed by Bursa Securities, we will:

- (i) allot the ICULS;
- (ii) despatch notices of allotment to the allottees; and
- (iii) make an application for quotation for the ICULS on the Main Market.

The ICULS will then be listed and quoted on the Main Market two (2) Market Days after the application for quotation is made to Bursa Securities.

ICULS to be issued under FAST and RENTAS

In the event the ICULS are not to be listed, the ICULS shall be issued under FAST and RENTAS and shall be securities listed on SSDS. Any dealings in the ICULS will be subject to, amongst others, the Central Securities Depository and Paying Agency Rules and any other relevant rules and legislation.

A notification will be despatched to the custodian of the non-listed ICULS (3) business days prior to the issuance of the ICULS. Accordingly, the ICULS (if not listed) will be credited directly into the respective Own Securities Account or the Aggregate Customers' Securities Account of successful subscribers who have successfully subscribed for such ICULS. No physical loan stock certificates will be issued to individual subscribers.

LETTER TO THE SHAREHOLDERS OF I-BERHAD IN RELATION TO THE RIGHTS ISSUE WITH WARRANTS AND OFS (Cont'd)

In respect of successful subscribers who are not SSDS Participants, I-Berhad has nominated Pacific Trustees Berhad, as custodian to hold the ICULS in its securities account maintained with a SSDS Participant in favour of successful subscribers who are not SSDS Participants. The cost of setting up the securities account shall be borne by I-Berhad at no additional expense to the successful subscribers. Shareholder/investors are encouraged to refer to the OAF for further instructions.

For a successful subscriber who is not a SSDS Participant, all enquiries concerning the ICULS (if not listed) and any dealings of the ICULS should be addressed to Pacific Trustees Berhad at the following address and contact details:

Pacific Trustees Berhad
Unit A-9-8, 9th Floor
Megan Avenue 1
No. 189, Jalan Tun Razak
Off Persiaran Hampshire
50400 Kuala Lumpur

Telephone No.: 603 – 2166 8830
Fax No.: 603 – 2166 3830

3.2 Details of Sumurwang

Sumurwang was incorporated in Malaysia as Lim Kim Hong Holding Sdn Bhd under the Act on 11 October 1980 as a private limited company. On 30 August 1984, it changed its name to Sumurwang Sdn Bhd and converted to a public company, Sumurwang Bhd, on the same date. Sumurwang assumed its current name when it converted back to a private limited company on 19 January 1990. Sumurwang is principally involved in investment holding.

As at the LPD, the authorised share capital of Sumurwang was RM50,000,000 comprising 49,999,000 ordinary shares of RM1.00 each and 1,000 preference shares of RM1.00 each while its issued and paid-up share capital was RM42,612,570 comprising 42,612,570 ordinary shares of RM1.00 each.

As at the LPD, the substantial shareholders of Sumurwang and their respective holdings are as follows:

Substantial Shareholders	As at the LPD			
	Direct		Indirect	
	No. of ordinary shares ('000)	%	No. of ordinary shares ('000)	%
Tan Sri Lim Kim Hong	2,043,691	4.8%	36,709,343	86.1% ⁽¹⁾
Sumur Ventures	36,709,343	86.1%	-	-

Note:

1. Deemed interest through his shareholding in Sumur Ventures by virtue of Section 6A(4) of the Act.

LETTER TO THE SHAREHOLDERS OF I-BERHAD IN RELATION TO THE RIGHTS ISSUE WITH WARRANTS AND OFS (Cont'd)

There have been no changes in the issued and paid-up share capital of Sumurwang for the past three (3) years preceding the LPD.

The directors of Sumurwang as at the LPD are Tan Sri Lim Kim Hong, Puan Sri Tey Siew Thuan and Lee Ming Suan.

3.3 Basis of determining the OFS Offer Price and the ICULS Conversion Price

The OFS ICULS shall be offered at 100% of its nominal value, RM0.50, which is the same basis as the issue price of the ICULS to Sumurwang pursuant to the completion of the Acquisitions.

The conversion price of the ICULS was originally determined and arrived at based on a premium of approximately 10% to the five (5)-Market Day VWAMP of the ordinary shares of RM1.00 each in I-Berhad of RM2.35 up to and including 19 December 2013, being the Market Day immediately preceding the date when the conditional sale and purchase agreements for the SOHO Land and the Tower Land were executed on 20 December 2013. The premiums were determined after taking into consideration, *inter alia*, the features of the ICULS such as its coupon payment terms, tenure and conversion mode, the historical and prevailing market prices of I-Berhad as well as future earnings potential of the Group together with the development of the SOHO Land and the Tower Land.

Since the execution of the respective sale and purchase agreements mentioned above, our Company has and shall undergo alterations to its share capital which would affect and adjust the conversion price of the ICULS. These share capital alterations are namely the subdivision of our Company's ordinary shares from one (1) ordinary share of par value RM1.00 each into two (2) Shares (which was completed on 12 August 2014) ("**Share Split**"), the Rights Issue with Warrants and the Bonus Issue. Accordingly, final adjustments were affected based on the provisions stipulated in the ICULS Trust Deed, resulting in the final adjusted ICULS Conversion Price of RM0.68 for each new Share.

The ICULS Conversion Price represents:

- (i) a discount of approximately 47.7% from the TERP of RM1.30, based on the five (5)-Market Day VWAMP up to and including 26 August 2014 of RM2.06; and
- (ii) A discount of approximately 37.0% from the TEAP of RM1.08, based on the five (5)-Market Day VWAMP up to and including 26 August 2014.

As set out in the terms of the ICULS and based on the ICULS Conversion Price, the ICULS may be converted into new Shares by surrendering RM0.68 nominal value of ICULS for one (1) new Share.

The ICULS can be converted into new Shares on any Market Day commencing from the ICULS Issue Date up to and including the ICULS Maturity Date. Unless previously converted into new Shares pursuant to the conversion right or purchased, cancelled or otherwise satisfied by the Company, all outstanding ICULS would be mandatorily converted into new Shares at the ICULS Conversion Price on the ICULS Maturity Date. Based on the ICULS Conversion Price, the maximum number of new Shares to be issued is 443,088,235 new Shares.

The conversion of the ICULS into new Shares will not involve any cash element. The table below illustrates the ICULS entitlement and the number of new Shares to be received upon full conversion of the ICULS if the OFS Entitled Shareholders hold 10,000 units of Shares as at the Entitlement Date:

LETTER TO THE SHAREHOLDERS OF I-BERHAD IN RELATION TO THE RIGHTS ISSUE WITH WARRANTS AND OFS (Cont'd)

	Shares held as at the Entitlement Date	Cost for ICULS entitlement based on OFS Offer Price	No. of Shares to be received upon surrendering RM25,000 nominal value of ICULS
OFS Entitled Shareholders	10,000	RM25,000	36,764

In the event that the conversion of the ICULS give rise to fractional entitlements, the ICULS holders shall disregard and waive its rights to any such fractional entitlements.

3.4 Status of the ICULS and ranking of the new Shares to be issued arising from the conversion of the ICULS

The ICULS shall constitute direct, unconditional, unsecured and unsubordinated debts and obligations of I-Berhad and shall at all times rank *pari passu* without discrimination, preference or priority among themselves and shall rank at least *pari passu* with all other present and future unsecured and unsubordinated debts and obligations of I-Berhad except those which are mandatorily preferred by law.

The new Shares to be issued upon conversion of the ICULS shall, upon allotment and issuance, rank *pari passu* in all respects with the then existing Shares, save and except that they shall not be entitled to any dividends, rights, allotments and/or other distributions, which may be declared, made or paid to the shareholders of I-Berhad, the entitlement date of which precedes the date of their allotment.

3.5 Principal terms of the ICULS

The principal terms of the ICULS are as follows:

Issuer	:	I-Berhad
Description	:	Issuance of five (5)-year irredeemable convertible unsecured loan stocks of up to RM301.30 million only in nominal value
Issue size	:	RM301.30 million nominal value of 602,600,000 ICULS at RM0.50 each
Issue price	:	RM0.50 each at 100% of the nominal value of the ICULS
Form and denomination	:	<u>In the case where the ICULS are listed</u>

The ICULS will be issued in registered form in denominations of RM0.50 and multiples thereof, and constituted by the ICULS Trust Deed

In the case where the ICULS are not listed

The ICULS shall be issued on the FAST in accordance with the Operational Procedures for Securities Services, as amended or substituted from time to time and the Participation and Operation

LETTER TO THE SHAREHOLDERS OF I-BERHAD IN RELATION TO THE RIGHTS ISSUE WITH WARRANTS AND OFS (Cont'd)

Rules for Payments and Securities Services, as amended or substituted from time to time or their replacement thereof applicable from time to time in denominations of RM0.50 and multiples thereof, and constituted by the ICULS Trust Deed.

- Tenure : Five (5) years from the ICULS Issue Date and the ICULS shall mature on the fifth (5th) anniversary of the ICULS Issue Date
- Coupon rate : The ICULS will be interest free for the first (1st) year of the tenure, and 2% to 3% per annum thereafter payable semi-annually until the ICULS Maturity Date as follows:

Years from ICULS Issue Date	Coupon rate per annum
1	Nil
2	2.0%
3	2.5%
4	3.0%
5	3.0%

Interest ceases to be payable on the ICULS which are converted, purchased, cancelled or otherwise satisfied by the Issuer

- Coupon payment frequency : Payable in arrears on a semi-annual basis
- Rating : The ICULS will not be rated
- Transferability : Tradable on Bursa Securities upon their listing and quotation on the Main Market. For avoidance of doubt, there will be no selling restriction imposed on the ICULS whether or not the ICULS are listed on the Main Market
- Provisions on buy-back/early redemption : Provision on early redemption
Not applicable. The ICULS are irredeemable
Provisions on buy-back
I-Berhad, its subsidiaries or an agent acting on behalf of the Issuer may at any time purchase the ICULS at any price in the open market or by private treaty. The ICULS so purchased by the Issuer or by its subsidiaries or by the agent of the Issuer will be cancelled and may not be resold or reissued
- ICULS conversion rights and mandatory conversion on the ICULS Maturity Date : The ICULS holders shall have the right to convert the ICULS into new Shares at the ICULS Conversion Price at any time during the ICULS Conversion Period upon meeting the conditions of conversion

LETTER TO THE SHAREHOLDERS OF I-BERHAD IN RELATION TO THE RIGHTS ISSUE WITH WARRANTS AND OFS (Cont'd)

Unless previously converted during the ICULS Conversion Period, purchased, cancelled or otherwise satisfied by the Issuer, all outstanding ICULS will be mandatorily converted by the Issuer into new Shares at the applicable ICULS Conversion Price on the ICULS Maturity Date

I-Berhad shall within eight (8) Market Days after receipt of the notice of conversion, allot and/or issue the new Shares arising from the conversion and despatch notices of allotment, stating the number of new Shares issued arising from such conversion, which will be credited into the CDS Accounts of the relevant ICULS holder

ICULS Conversion Period	:	The period of five (5) years commencing from the ICULS Issue Date up to and including the ICULS Maturity Date
ICULS Conversion Price	:	RM0.68 for each Share and will be subject to adjustments in certain circumstances in accordance with the ICULS Trust Deed ¹
ICULS Conversion Date	:	Any date (which shall be a business day) during the ICULS Conversion Period on which the ICULS conversion rights are exercised
Conditions of conversion	:	<p>Serving a conversion notice in the form as prescribe in the ICULS Trust Deed fourteen (14) days' prior to the proposed ICULS Conversion Date to the following parties:-</p> <ul style="list-style-type: none"> (i) I-Berhad and the Facility Agent (in the case where the ICULS are not listed); or (ii) the Paying Agent (in the case where the ICULS are listed)
Conversion mode	:	<p>By surrendering the ICULS with an aggregate nominal value equivalent to the ICULS Conversion Price for cancellation by the Issuer</p> <p>Any fractional Shares arising from the conversion of the ICULS shall be disregarded</p>
Status and ranking of ICULS	:	The ICULS shall constitute direct, unconditional, unsecured and unsubordinated obligations of the Issuer and shall at times rank <i>pari passu</i> , without discrimination, preference or priority among themselves and shall rank at least <i>pari passu</i> with all

¹ The ICULS Conversion Price of RM0.68 was determined after taking into account the Share Split, the Rights Issue with Warrants and the Bonus Issue, further details of which are set out in Section 3.3 of this Prospectus.

LETTER TO THE SHAREHOLDERS OF I-BERHAD IN RELATION TO THE RIGHTS ISSUE WITH WARRANTS AND OFS (Cont'd)

- other present and future unsecured and unsubordinated debts and obligations of I-Berhad except those which are mandatorily preferred by law
- Status and ranking of new Shares arising from the conversion of ICULS : The new Shares to be issued upon conversion of the ICULS shall, upon allotment and issuance, rank *pari passu* in all respects with the then existing Shares, save and except that they shall not be entitled to any dividends, rights, allotments and/or other distributions, which may be declared, made or paid to the shareholders of the Issuer, the entitlement date of which precedes the date of allotment of the new Shares arising from the conversion of ICULS
- Adjustment to the ICULS Conversion Price and/or nominal value of ICULS in the event of alteration to the share capital : The Issuer shall make the necessary adjustment to the ICULS Conversion Price in the event of any alteration in its share capital on or before the ICULS Maturity Date, whether by way of rights issue, bonus issue, consolidation of shares, subdivision of shares or reduction of capital howsoever being effected, in accordance with the provisions of the ICULS Trust Deed
- ICULS holder's rights to participate in any distribution and/or offer of further securities in the Issuer : The ICULS holders are not entitled to participate in any distribution and/or offer of securities in the Issuer until and unless such ICULS holders shall actually exercise their ICULS conversion rights
- Rights in the event of winding-up, liquidation or an event of default : Upon the declaration of event of default by the Trustee in accordance with the ICULS Trust Deed or in the event of winding-up or liquidation of the Issuer, the amount which shall immediately be due and payable by the Issuer to the ICULS holders shall be the nominal value of the outstanding ICULS together with all accrued coupon up to and including the date of repayment
- Amendment to the ICULS holders rights : Save as otherwise provided in the transaction documents in relation to the ICULS, a special resolution of the ICULS holders is required to sanction any modification, variation, abrogation or compromise of or arrangement in respect of the rights of the ICULS holders against the Issuer
- Events of default : The events of default including but not limited to the following:
- (i) the Issuer fails to pay any amount due and payable under the ICULS, whether formally demanded or not;
 - (ii) the Issuer fails to pay any amount (other than such amount due and payable under the ICULS) due under the transaction documents

LETTER TO THE SHAREHOLDERS OF I-BERHAD IN RELATION TO THE RIGHTS ISSUE WITH WARRANTS AND OFS (Cont'd)

on the due date or, if so payable, on demand and such failure to pay is not remedied within seven (7) days from the date such amount is due or demanded, as the case may be;

- (iii) the Issuer fails to observe or perform its obligations under the ICULS or under any of the transaction documents or under any undertaking or arrangement entered into in connection thereof (other than any covenant to pay as set out under paragraphs (i) and (ii) above) and which if capable of remedy, is not remedied within thirty (30) days after the Issuer becoming aware of such default;
- (iv) any other indebtedness of the Issuer becomes due and payable prior to its stated maturity or the security created for any other indebtedness becomes enforceable;
- (v) any representation, warranty or statement which is made by the Issuer under the transaction documents is or proves to be incorrect, inaccurate or misleading on or as of the date made or given or deemed made or given;
- (vi) any provision of the transaction documents is or becomes, for any reason, invalid, illegal, void or unenforceable which would prevent the Issuer from or entitle the Issuer to refrain from performing any of its obligations thereunder;
- (vii) the Issuer takes any action or any bona fide proceedings are commenced or other steps taken for:
 - (a) the Issuer to be adjudicated or found insolvent;
 - (b) the winding-up or dissolution of the Issuer either by an order of a court of competent jurisdiction or by way of voluntary winding-up, save and except to effect a reorganisation of the business of the Issuer; or
 - (c) the appointment of a liquidator, trustee, receiver or similar officer over the whole or any part of the Issuer's undertakings, assets, rights or revenues, other than a winding-up for the purpose of amalgamation or reconstruction which has been

**LETTER TO THE SHAREHOLDERS OF I-BERHAD IN RELATION TO THE RIGHTS ISSUE WITH
WARRANTS AND OFS (Cont'd)**

- previously approved by the trustee (on behalf of the ICULS holders) or any order of a court of competent jurisdiction; or
- (d) anything analogous to any of the events specified above;
- (viii) the Issuer undergoes any scheme or reconstruction, arrangement or compromise pursuant to Section 176 of the Act or the same has been instituted against it;
- (ix) the Issuer makes a general assignment or enters into an arrangement or composition with or for the benefit of its creditors in respect of its indebtedness;
- (x) the Issuer suspends or ceases or threatens to suspend or cease to carry on its business;
- (xi) the Issuer fails to satisfy any judgment passed against it by any court of competent jurisdiction and no appeal against such judgment or an application for a stay of execution has been made to any appropriate appellate court within the time prescribed by law or such appeal or application for a stay of execution has been dismissed;
- (xii) any authorisation, licence, approval, permit or consent which is required for the Issuer to carry out its business and/or in relation to the transaction documents is withheld, withdrawn, revoked, modified, terminated or invalidated or has expired and not renewed or is otherwise not granted or fails to remain in full force and effect which may materially and adversely impair or prejudice the business or operations of the Issuer or the ability of the Issuer to perform any of its obligations under the ICULS Trust Deed or to comply with the terms and conditions of the ICULS or the transaction documents;
- (xiii) the Issuer repudiates any of the transaction documents or the Issuer does or causes to be done any act or thing evidencing an intention to repudiate any of the transaction documents;
- (xiv) any of the assets, undertaking, rights or revenues of the Issuer is seized, nationalised, expropriated or compulsorily acquired by or under the authority of any government body;

LETTER TO THE SHAREHOLDERS OF I-BERHAD IN RELATION TO THE RIGHTS ISSUE WITH WARRANTS AND OFS (Cont'd)

or

- (xv) any event or events has or have occurred or situation exists which would or might in the reasonable opinion of the ICULS Trustee:
 - (a) materially and adversely affect the Issuer's ability to perform any of its obligations under the transaction documents in accordance with the terms hereof or thereof; or
 - (b) materially and adversely change or would materially and adversely change the business, assets or condition (financial or otherwise) of the Issuer.

Upon the occurrence of an event of default, the Trustee may, or if so directed by the ICULS holders via a special resolution, shall, notwithstanding the ICULS Maturity Date declare the nominal value of the outstanding ICULS to be immediately due and payable, together with the accrued interest up to and including the date of the repayment and the ICULS Trustee is entitled to enforce its rights under the transaction documents

Board Lot	:	The board size for trading of the ICULS shall be 100 ICULS or such board lots as defined by Bursa Securities
ICULS Trust Deed	:	The ICULS shall be constituted by the ICULS Trust Deed
ICULS Trustee	:	TMF Trustees Malaysia Berhad
Governing law and jurisdiction	:	Laws of Malaysia and the exclusive jurisdiction of the Courts of Malaysia

3.6 Last time and date for acceptance, application and payment for the OFS

The last time and date for acceptance, application and payment for the OFS is 5.00 p.m. on Tuesday, 30 September 2014, or such later time and date as our Board, the Sumurwang Board and our Principal Adviser may mutually decide and announce not later than two (2) Market Days before the stipulated time and date.

LETTER TO THE SHAREHOLDERS OF I-BERHAD IN RELATION TO THE RIGHTS ISSUE WITH WARRANTS AND OFS (Cont'd)

4. SHAREHOLDERS' UNDERTAKING AND UNDERWRITING ARRANGEMENT

4.1 Rights Issue with Warrants

The Rights Issue with Warrants is intended to be undertaken on a full subscription basis.

In this regard, our Company has procured written irrevocable and unconditional undertakings from our major shareholders, namely Tan Sri Lim Kim Hong, Puan Sri Tey Siew Thuan, Sumurwang, Sumurwang Capital and Sumur Ventures ("**Undertaking Shareholders**") vide their undertaking letters dated 9 May 2014 to subscribe for their respective rights entitlement in full under the Rights Issue with Warrants based on their shareholdings as follows ("**Undertakings**"):

Shareholders	Shareholdings as at 9 May 2014 ⁽¹⁾		Pursuant to the Undertakings	Value of Undertakings (RM'000)
	Ordinary shares of RM1.00 each	%		
Tan Sri Lim Kim Hong	457,500	0.4	1,143,750 / 228,750	789
Puan Sri Tey Siew Thuan	332,142	0.3	830,355 / 166,071	573
Sumurwang	66,790,441	58.6	166,976,102 / 33,395,220	115,214
Sumurwang Capital	2,142,857	1.9	5,357,144 / 1,071,429	3,696
Sumur Ventures	15,850,009	13.9	39,625,021 / 7,925,004	27,341
Total	85,572,949	75.1	213,932,372 / 42,786,474	147,613

Note:

- Pursuant to the Share Split completed on 12 August 2014, our Company's total ordinary shares-in-issue increased to 228,972,712 Shares. Resulting from the Share Split, the total number of Shares held by the Undertaking Shareholders as at the LPD is 171,145,898 Shares, representing 74.7% of our Company's issued and paid-up share capital, including Treasury Shares.

Further, in order to ensure that this subscription level is maintained, the Undertaking Shareholders have also irrevocably and unconditionally undertaken not to dispose any part or all of their shareholdings in I-Berhad prior to the Entitlement Date and shall maintain their shareholdings in order to subscribe for their full rights entitlements under the Rights Issue with Warrants.

The Undertakings represent the commitment by the major shareholders of the Company to subscribe for their full rights entitlement based on their current shareholdings in I-Berhad.

The Undertaking Shareholders have confirmed via their Undertakings and CIMB has verified that the Undertaking Shareholders have sufficient financial resources to subscribe in full for their entitlement of the Rights Shares pursuant to the Rights Shares with Warrants.

LETTER TO THE SHAREHOLDERS OF I-BERHAD IN RELATION TO THE RIGHTS ISSUE WITH WARRANTS AND OFS (Cont'd)

We had on 28 August 2014 entered into the Underwriting Agreement to underwrite the remaining portion of the Rights Shares for which no undertaking was obtained from the Undertaking Shareholders, amounting to 72,283,518 Rights Shares representing approximately 25.3% of the total Rights Shares ("**Underwritten Shares**"). The issue value of the Underwritten Shares is RM49,875,627 with an underwriting commission of 2.15% on the value of the Underwritten Shares based on the Rights Issue Price. The underwriting commission and all costs relating to the Underwriting Agreement shall be fully borne by our Company.

4.2 OFS

The OFS shall be undertaken on a non-minimum subscription basis and shall be completed on an as-subscribed basis. In view of this, such OFS ICULS and Excess OFS ICULS not taken up or not validly taken up by the OFS Entitled Shareholders and/or their renounee(s) and/or transferee(s) (if applicable) will remain with Sumurwang.

As a result of this, there will be no underwriting arrangement for the OFS ICULS since the primary objective of the OFS is to provide the OFS Entitled Shareholders the opportunity to participate in the ICULS following the completion of the Acquisitions and not for fundraising purposes.

5. RATIONALE FOR THE RIGHTS ISSUE WITH WARRANTS AND OFS**5.1 The Rights Issue with Warrants**

After due consideration of the various funding options available to our Company, our Board is of the view that the Rights Issue with Warrants is the most appropriate avenue of fund-raising for I-Berhad, after taking into consideration several major factors including the following:

- (i) the Rights Issue with Warrants will enable us to raise funds without incurring additional interest expense as compared to bank borrowings for its property development activities including current on-going development projects in i-City and other potential development projects in the future, to repay the Phase 1 Debt (as defined in Section 6.1 of this Prospectus) and to raise additional working capital for the Group. Furthermore, the Rights Issue with Warrants provides an opportunity for our Company to raise the necessary funds to participate in the proposed joint venture to develop a regional retail mall within i-City (further details of which are set out in Note 1 of Section 6.1 and Section 7 of this Prospectus). Over subsequent periods, this would allow our Company to preserve cash for reinvestment and/or operational purposes;
- (ii) the funds raised from the Rights Issue with Warrants will also enable our Company to accelerate our property development plans, particularly in providing the necessary investable capital and working capital for our Group in light of our development plans and launches over the next three (3) years. Certain details of our property development plans are set out in Section 9.4 of this Prospectus;

LETTER TO THE SHAREHOLDERS OF I-BERHAD IN RELATION TO THE RIGHTS ISSUE WITH WARRANTS AND OFS (Cont'd)

- (iii) the Rights Issue with Warrants will provide our shareholders with an opportunity to participate in an equity offering on a pro-rata basis and acquire new Shares at a discount to prevailing market prices. This serves to reward our shareholders for their continued support and loyalty to I-Berhad without diluting their interests, assuming all Rights Entitled Shareholder(s) fully subscribe for their respective entitlements;
- (iv) the Rights Issue with Warrants will increase our Company's shareholders' funds and strengthen our balance sheet to better reflect our Group's current scope of activities. These factors are expected to facilitate the continuous growth and expansion plans of our Group, in particular our planned property development activities;
- (v) coupled with the Share Split and Bonus Issue, the enlarged share base from the Rights Issue with Warrants is also expected to enhance the liquidity of our Company's Shares on the Main Market; and
- (vi) the free detachable Warrants to be issued together with the Rights Shares allows the Rights Entitled Shareholder(s) to increase their equity participation in our Company at a pre-determined price over the tenure of the Warrants which will also enable our Company to raise further proceeds as and when any of the Warrants are exercised. The Rights Entitled Shareholder(s) may also benefit from any potential capital appreciation of the Warrants.

5.2 OFS

With the settlement of the purchase consideration for the Acquisitions and the Kia Peng Land Acquisition, a total nominal value of RM301.30 million ICULS has been provisionally allotted by I-Berhad and a total nominal value of RM69.00 million RCULS-B and RM132.00 million RCULS-A has been issued by I-Berhad to Sumurwang and Sumuracres, respectively. In the event that the ICULS, RCULS-B and the RCULS-A are converted, the shareholding of the minority shareholders of our Company would be diluted.

The OFS provides an opportunity for the OFS Entitled Shareholders to participate in the issuance of the ICULS by being able to subscribe for their entitlement of the OFS ICULS under the OFS at the nominal value of the ICULS, which is the same basis as the issue price of the ICULS pursuant to the Acquisitions, and to benefit from the future growth of our Group. The OFS is also intended to enable the OFS Entitled Shareholders the opportunity to minimise their dilution in shareholdings (on a converted basis) in our Company, if all such shareholders subscribe to their respective entitlements under the OFS.

LETTER TO THE SHAREHOLDERS OF I-BERHAD IN RELATION TO THE RIGHTS ISSUE WITH WARRANTS AND OFS (Cont'd)

6. UTILISATION OF PROCEEDS

6.1 Rights Issue with Warrants

The Rights Issue Proceeds are proposed to be utilised in the following manner:

Details of utilisation	Estimated timeframe of utilisation	Rights Issue Proceeds RM 'mil
Property development expenditure and/or activities ¹	Within 60 months ⁵	160.00
Repayment of amount owing to Sumurwang ²	Within 3 months	16.83
General working capital of the Group ³	Within 24 months	16.66
Estimated expenses in relation to our corporate proposals ⁴	Within 3 months	4.00
Total Rights Issue Proceeds		197.49

Notes:

1. RM160.00 million from the Rights Issue Proceeds is proposed to be utilised for our Company's property development activities and/or investment, including on-going development projects in i-City and other potential development projects in the future, for example, the development of the Kia Peng Land, the SOHO Land and the Tower Land, including acquisition of landbanks for property development.

Expenditure for property development activities shall include, amongst others, contributions and/or investments in respect of joint development of lands such as capital or equity investment outlay and payment of landowners' entitlements, pre-development feasibility expenses and costs, and also contribution payments to the relevant authorities in respect of property development.

At this juncture, the Company has earmarked approximately RM66.54 million of the total allocated funds for its 40% capital contribution into a joint venture company, Central Plaza i-City Malls Malaysia Sdn Bhd ("Central Plaza i-City Malls" or "JVCo") pursuant to the joint venture with Central Pattana Public Company Limited ("Central Pattana") via CPN Real Estate Sdn Bhd and CPN Malls Malaysia Sdn Bhd (collectively, "CPN") to develop a regional retail mall within the i-City project ("CPN Joint Venture"). Further details regarding the CPN Joint Venture and the retail mall are set out in Sections 7 and 9.4 of this Prospectus.

Our shareholders had on 22 July 2014 approved the CPN Joint Venture at the EGM convened on the same date. However, in the event that the CPN Joint Venture does not materialise, the entire amount of the Rights Issue Proceeds allocated for the CPN Joint Venture shall be utilised for our Group's other property development expenditure and/or activities as described above.

2. *The amount owing to Sumurwang by our Company of approximately RM16.83 million ("Phase 1 Debt") is attributable to the land costs and accrued interest which has been assigned to Sumurwang by The Peak @ KLCC arising from the deferred payment for land costs as at 31 October 2013 for the development of certain parcels of Phase 1 of the i-City project known as Blocks J, K & L and I-SOVO. On 26 November 2013, The Peak @ KLCC and Sumurwang (a major shareholder of I-Berhad) had executed a deed of assignment to assign the Phase 1 Debt from The Peak @ KLCC to Sumurwang as partial settlement of a debt owed by The Peak @ KLCC to Sumurwang, resulting in the obligation of I-Berhad to satisfy the Phase 1 Debt in favour of Sumurwang instead of The Peak @ KLCC. Puan Sri Tey Siew Thuan, who is a director and shareholder of Sumurwang, is also the sibling of Madam Tay Siew Lian, a director and substantial shareholder of The Peak @ KLCC.*

LETTER TO THE SHAREHOLDERS OF I-BERHAD IN RELATION TO THE RIGHTS ISSUE WITH WARRANTS AND OFS (Cont'd)

Under the terms of the joint venture agreement dated 10 February 2009 entered into between I-Berhad and The Peak @ KLCC for the development of the i-City project ("JVA 2009") which is located on piece of freehold land previously held under Geran 27449, Lot 4598, Mukim of Bukit Raja, District of Petaling, Selangor Darul Ehsan, of which the parent title has subsequently been subdivided into six (6) block titles ("Master Land"), I-Berhad and The Peak @ KLCC had agreed that the purchase consideration for the parcels of lands located on Phase 1 of the Master Land shall be fixed at RM60.00 per square foot. The payment can be deferred subject to interest based on the Base Lending Rate of Malayan Banking Berhad ("MBB BLR").

The Phase 1 Debt represents the amount due for Blocks J, K & L and I-SOVO that have been developed by I-Berhad to date under the JVA 2009.

The immediate settlement of the Phase 1 Debt will result in interest savings amounting to approximately RM800,000 per annum, based on the MBB BLR of 6.62% per annum over the past 12 months up to the LPD.

In the event that at the time of settlement upon completion of the Rights Issue with Warrants, the Phase 1 Debt is lower than RM16.83 million, any such excess will be reallocated and utilised for the general working capital of our Group as outlined in note 3 below.

In connection with the Rights Issue with Warrants, the Phase 1 Debt will be directly set-off against part of the subscription monies of the Rights Shares, due from Sumurwang to I-Berhad in respect of its entitlement and/or excess applications made by Sumurwang, if any, of an equivalent amount to the Phase 1 Debt.

3. *Represents funds allocated for our Group's general working capital requirements, including financing our Group's daily operations and operating expenses, which includes but is not limited to sales and marketing expenses; payments to contractors, suppliers and consultants; general administrative and other operating expenses, as well as for general corporate purposes.*
4. *The estimated expenses in relation to our corporate proposals recently undertaken comprise of estimated professional fees, brokerage, underwriting commission, printing, other fees and miscellaneous expenses and contingencies incurred as a result of the corporate proposals. The corporate proposals consist of the Share Split, the Kia Peng Land Acquisition, the SOHO Land Acquisition, the Tower Land Acquisition, the JVA 2009 ratification, the Rights Issue with Warrants and those outlined in Section 7 of this Prospectus.*

If the actual expenses are higher than those estimated, the deficit will be funded out of the amount allocated for general working capital. However, if the actual expenses are lower than those estimated, the excess will be allocated and utilised for the general working capital of our Group.

5. *Taking into consideration the timeframe for the development of the i-City Project.*

The gross proceeds to be raised from the exercise of Warrants amounting up to RM96.74 million will be utilised for the general working capital of our Group (see note 3 above) over the tenure of the Warrants of five (5) years.

6.2 OFS

The gross proceeds arising from the OFS of up to approximately RM144.57 million shall accrue entirely to Sumurwang. The cost and fees associated with the OFS will be borne by Sumurwang, the offeror of the OFS ICULS under the OFS. Such associated costs and fees are estimated to be approximately RM600,000.

LETTER TO THE SHAREHOLDERS OF I-BERHAD IN RELATION TO THE RIGHTS ISSUE WITH WARRANTS AND OFS (Cont'd)

7. OTHER CORPORATE EXERCISES

Save as disclosed below, our Board confirms that there is no other outstanding corporate exercise announced but not completed by our Company as at the LPD:

- (i) the Kia Peng Land Acquisition, which was subsequently completed on 27 August 2014;
- (ii) the SOHO Land Acquisition, which was subsequently completed on 27 August 2014;
- (iii) the Tower Land Acquisition, which was subsequently completed on 27 August 2014;
- (iv) the Bonus Issue, the details of which are set out in Section 2.1 of this Prospectus;
- (v) the establishment of our Company's long term incentive plan of up to 10% of our Company's issued and paid-up share capital (excluding Treasury Shares) for eligible employees and eligible directors of our Group ("LTIP"). Our Shareholders had on 22 July 2014 approved the LTIP at the EGM held on the same date. As at the LPD, the LTIP has yet to be effected in accordance with the requirements of the MMLR; and
- (vi) the proposals relating to the CPN Joint Venture that entail the following:
 - (a) The joint venture and shareholders' agreement dated 19 July 2013 entered into between I-City Properties Sdn Bhd (a wholly-owned subsidiary of our Company) ("ICP"), I-Berhad, CPN, Central Plaza I-City Malls, Central Plaza I-City Sdn Bhd and Central Plaza I-City Real Estate Sdn Bhd for the development and management of a regional retail mall to be known as "Central Plaza @ I-City" on a part of the freehold land held under Geran 311885, Lot 16965 and Geran 311886, Lot 16966, Seksyen 7, Bandar Shah Alam, District of Petaling, State of Selangor Darul Ehsan measuring approximately 11.12 acres ("Mall Land");
 - (b) The acquisition by Central Plaza I-City Real Estate Sdn Bhd, a 40%-owned associate of ICP, of the Mall Land from The Peak @ KLCC for a purchase consideration of approximately RM72.66 million to be settled entirely by cash pursuant to a sale and purchase agreement dated 19 July 2013 ("Mall Land Acquisition"); and
 - (c) The arrangement between I-Berhad and The Peak @ KLCC in relation to the treatment of the purchase consideration from the disposal of the Mall Land by The Peak @ KLCC to Central Plaza I-City Real Estate Sdn Bhd pursuant to the termination and payment agreement dated 1 April 2014 entered into between The Peak @ KLCC and I-Berhad ("Arrangement").

The CPN Joint Venture, the Mall Land Acquisition and the Arrangement were approved by our shareholders on 22 July 2014 at the EGM held on the same date. As at the LPD, the CPN Joint Venture, the Mall Land Acquisition and the Arrangement are pending meeting their various conditions precedents.

LETTER TO THE SHAREHOLDERS OF I-BERHAD IN RELATION TO THE RIGHTS ISSUE WITH WARRANTS AND OFS (*Cont'd*)

8. RISK FACTORS

Prior to making an investment decision, you should carefully consider, along with the other matters set forth in this Prospectus, the risk factors and investment considerations below. You should note that the following list is not an exhaustive list of all the risks that we face or risks that may develop in the future. These and other risks, whether known or unknown, may have a material adverse effect on us or on our Shares or on other securities issued by us.

8.1 Risks relating to the Rights Issue with Warrants

(i) Market Price for the Shares

A variety of factors could cause the prices of our Shares to fluctuate, including large block trades of our Shares on the open market, announcements of developments relating to our Group's business, fluctuations in our operating/financial results or revenue levels and changes in regulatory requirements or market conditions.

In addition, external factors such as economic, political and industry conditions and stock market sentiments/liquidity could also adversely affect the prices of our Shares.

There can be no assurance that the market price of our Shares (together with the Rights Shares and any new Shares issued from time to time pursuant to the exercise of the Warrants) will be traded above the TERP (after completion of the Rights Issue with Warrants) or TEAP (after completion of the Bonus Issue). There can also be no assurance that the market price of the Rights Shares upon or subsequent to its listing and quotation will be at a level that meets the specific investment objectives or targets of any holder of the Rights Shares.

(ii) No prior market for the Warrants

There is no prior market for the Warrants, and as such there is no assurance that an active market for the Warrants will develop upon listing and quotation on the Main Market, or if developed, that such a market may be sustained or adequately liquid during the tenure of the Warrants.

(iii) The market value of the Warrants may be subject to fluctuation

Our Board believes that a variety of factors could cause the future market price performance of the Warrants to fluctuate, including but not limited to trades of substantial amount of the Warrants on Bursa Securities in the future, fluctuation in the market price of the underlying Shares, announcements of corporate developments relating to our Group's business and the future financial performance of our Group.

The future price performance of the Warrants will also depend upon various external factors, such as the prospects of the property industry in which our Group operates, the economic, monetary and political and industry conditions, outlook of interest rates, the performance of regional and world bourses as well as the investors' sentiments and liquidity in the local stock market.

LETTER TO THE SHAREHOLDERS OF I-BERHAD IN RELATION TO THE RIGHTS ISSUE WITH WARRANTS AND OFS (Cont'd)

(iv) Failure or delay in implementing the Rights Issue with Warrants

There is a risk that the Rights Issue with Warrants may be delayed or fail to be implemented if there is a force majeure event or material adverse change of events/circumstances which is beyond the control of our Group, CIMB or the Underwriter, arising during the implementation of the Rights Issue with Warrants.

There are also certain circumstances where the Underwriter may terminate the Underwriting Agreement on the occurrence of any of the termination events set out in the Underwriting Agreement, which events would, in the opinion of the Underwriter (i) result in a material adverse fluctuation or material adverse conditions in the securities market in Malaysia; (ii) materially prejudice the success of the Rights Issue with Warrants or the dealings in our Shares, the Rights Shares and/or the Warrants in the secondary market; (iii) be likely to have a material adverse effect on the condition (financial or otherwise), prospects, results of operations, properties or assets of our Company or of our Group as a whole; or (iv) be commercially impracticable for the Underwriter to proceed with the Rights Issue with Warrants on the terms and in the manner contemplated in this Prospectus and the Underwriting Agreement. Apart from events related to breach or illegality, such other events may include for example:

- (a) suspension, moratorium or limitation on trading in shares or securities generally on Bursa Securities; or
- (b) minimum or maximum prices of trading having been fixed and maximum ranges for prices for securities being required by Bursa Securities or by order of any governmental authority; or
- (c) a general moratorium on commercial banking activities or foreign exchange rating or securities settlement or clearing services in or affecting Malaysia.

Notwithstanding the risks, our Company will exercise its best endeavours to ensure the successful implementation of the Rights Issue with Warrants. However, there can be no assurance that the abovementioned factors/events will not occur and cause a delay in or the failure to implement the Rights Issue with Warrants. In the event that the Rights Issue with Warrants is aborted, the Company will repay without interest all monies received from the applicants in accordance with Section 243 of the CMSA.

In the event the Rights Shares and Warrants have been allotted to successful shareholders and the Rights Shares with Warrants is aborted/ terminated, and in the event that such allotment is not void under Section 243 of the CMSA, a return of monies to all holders of the Rights Shares could only be achieved by way of cancellation of share capital as provided under the Act and its related rules. Such cancellation requires the sanction of our shareholders by special resolution in a general meeting, consent of our creditors (unless dispensation with such consent has been granted by the High Court of Malaya) and the confirmation of the High Court of Malaya. There can be no assurance that such monies can be recovered within a short period of time or at all in such circumstances.

LETTER TO THE SHAREHOLDERS OF I-BERHAD IN RELATION TO THE RIGHTS ISSUE WITH WARRANTS AND OFS (Cont'd)

8.2 Risks relating to the OFS and ICULS

(i) The ICULS may not be listed or quoted on Bursa Securities

There may be a risk that the ICULS cannot be listed or quoted on Bursa Securities. The OFS is proposed to also facilitate the listing of the ICULS and it will be listed subject to Bursa Securities' approval and the requirements or conditions as may be determined or imposed by Bursa Securities, including having sufficient spread to maintain an orderly market.

Although our Company will exercise our best endeavour to ensure the successful listing of and quotation for the ICULS, there can be no assurance that the above events will not occur. In the event that the ICULS are not listed on the Main Market, OFS Entitled Shareholders who successfully apply for the OFS ICULS will hold unlisted ICULS with the continued ability to enjoy coupons and to convert the ICULS into new Shares.

(ii) No prior market for the ICULS

There is no prior market for the ICULS, and as such there is no assurance that an active market for the ICULS will develop upon listing and quotation on the Main Market, or if developed, that such a market may be sustained or adequately liquid during the tenure of the ICULS.

(iii) The market value of the ICULS may be subject to fluctuation

Our Board believes that a variety of factors could cause the future market price performance of the ICULS to fluctuate, including but not limited to trades of substantial amount of the ICULS on Bursa Securities in the future, fluctuation in the market price of the underlying Shares, announcements of corporate developments relating to our Group's business and the future financial performance of our Group.

The future price performance of ICULS will also depend upon various external factors, such as the prospects of the property industry in which our Group operates, the economic, monetary and political and industry conditions, outlook of interest rates, the performance of regional and world bourses as well as the investors' sentiments and liquidity in the local stock market.

(iv) Credit risk of the ICULS

The ICULS shall constitute direct, unconditional and unsecured obligations of our Company and subject to the provisions contained in the ICULS Trust Deed, must at all times rank *pari passu*, without discrimination, preference or priority between themselves and must rank at least *pari passu* with all present and future direct, unconditional, unsecured and unsubordinated debts and obligations of our Company except for those which are preferred by law. Moving forward, there is no assurance that the financial performance of our Group would be profitable to sustain the financial condition of our Group at a satisfactory level to support the value of the ICULS and/or generate sufficient cash flows to service the semi-annual coupon payments when due as the ability to service the coupon payments is dependent on our Company generating sufficient revenue and cashflow.

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However, our Company will endeavour to fulfil the obligation to service the coupon payments by maintaining prudent cashflow management and monitor our cashflow position regularly to avoid any event of default.

In the event of the ICULS becoming payable upon the occurrence of an event of default pursuant to the ICULS Trust Deed, the amount which is immediately due and payable by our Company to the ICULS holders shall be the nominal value of the outstanding ICULS together with the accrued interest up to and including the date of repayment.

(v) Failure or delay in implementing the OFS

The OFS is exposed to risk that it may be delayed or fail to be implemented if there is a force majeure event or a material adverse change of events/circumstances which is beyond the control of our Group, Sumurwang or CIMB, arising during the implementation of the OFS.

Notwithstanding the risks, our Company and Sumurwang will exercise its best endeavours to ensure the successful implementation of the OFS. However, there can be no assurance that the abovementioned factors/events will not occur and cause a delay in or the failure to implement the OFS. In the event that the OFS is aborted, the Company will repay without interest all monies received from the applicants in accordance with Section 243 of the CMSA.

8.3 Business and operational risks

(i) Competition

Our Group's property development business faces competition from various competitors, including local and foreign property developers, all vying for strategically located and reasonably priced landbanks. The property development market is highly competitive and any oversupply of properties due to a mismatch in supply and demand will intensify the level of competition which may, amongst others, affect pricing and thus affecting the overall financial performance of our Group.

I-Berhad however, will continue to take measures to mitigate competition risk such as conducting market intelligence surveys, monitoring and adjusting development and marketing strategies in response to changing economic conditions and market demand.

The CPN Joint Venture also faces competition from various competitors, including both existing and new retail malls/commercial complexes to be developed. The retail mall market is highly competitive and any oversupply of retail malls/commercial complexes due to a mismatch in supply and demand will intensify the level of competition which may, amongst others, affect yields and occupancy rates of the Central Plaza @ I-City mall.

As the development of any competitive retail malls/ commercial complexes outside of the Master Land is not within the control of the JVCo, it should be noted that the development of Central Plaza @ I-City mall is earmarked to be the only sizable retail complex to be developed on the Master Land. Notwithstanding this, there can be no assurances that the financial position and/or performance of the said development would not be adversely affected due to the increase in the level of

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competition from other retail malls/commercial complexes within the wider market catchment area.

(ii) Joint venture risks

Our Group may enter into joint ventures with other parties for the purpose of property development activities, similar to the CPN Joint Venture. There is no assurance that the anticipated benefits from such joint ventures, including that of the CPN Joint Venture will be realised and our Group will be able to generate sufficient revenue or returns to offset the associated costs from the development projects and/or the invested capital in the respective joint ventures.

Nevertheless, our Board has and will continue to exercise due care in considering the risks and benefits associated with joint ventures, including that of the CPN Joint Venture and will take appropriate measures when considering such ventures.

(iii) Economic, political and regulatory considerations

Adverse developments in political, economic and regulatory conditions in Malaysia could materially and adversely affect the financial prospects of our Group. Political and economic uncertainties include but are not limited to, decline in Malaysia's economy, a decline in Malaysia's real estate market conditions, adverse changes to utilities rates, changes in labour laws, availability of labour, a switch in political leadership and/or changes in the government's policies on housing/ real estate, property development, interest rates, methods of taxation and licensing regulations. These factors affect all players in the property industry and are generally beyond the management's control.

As these changes are beyond the control of our Group, we will continuously take reasonable steps to mitigate the above risks and to respond and adapt to the ever-changing economic and regulatory environment in order to alleviate any difficulties arising from the changes in the political, economic and regulatory circumstances should they arise in future. Notwithstanding the above, there can be no assurance that these changes will not materially affect our Group.

(iv) Delays in commencement and completion

The timely completion of property development projects are dependent on many external factors that are beyond the control of our Group, including *inter alia*, obtaining the necessary approvals from relevant authorities, the availability of construction materials in adequate amounts and the satisfactory performance of the appointed building contractors and consultants.

However, our Group will seek to mitigate such risks by closely monitoring the progress of our development projects and will endeavour to promptly rectify any setback in order to ensure the timely completion of the developments.

(v) Development risks

Our existing developments, including those relating to the Kia Peng Land, SOHO Land and the Tower Land are subject to risks inherent to property development such as oversupply of properties in their surrounding areas, land price escalation, changes in demand for types of residential and commercial properties, labour and

**LETTER TO THE SHAREHOLDERS OF I-BERHAD IN RELATION TO THE RIGHTS ISSUE WITH
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material supply shortages and fluctuations in the prices of building materials and costs of labour.

The development of the Central Plaza @ I-City mall is also subject to risks inherent to retail mall development such as oversupply of retail malls in the surrounding areas of the Mall Land, changes in demand for types of retail malls, labour and material supply shortages and fluctuations in the prices of building materials and costs of labour, which may adversely affect the financial performance of the CPN Joint Venture, as well as the expected capital contribution of ICP in the CPN Joint Venture.

Our Group intends to limit these risks by implementing prudent business strategies, conducting continuous reviews of its operations as well as leveraging on its experienced and capable management team, including that of CPN in retail development and management. Notwithstanding this, there can be no assurance that development risks will not have an adverse impact on the financial position and/or performance of our development projects when it is completed.

(vi) Compulsory acquisition

Pursuant to the Land Acquisition Act, 1960, the Government has the power to compulsorily acquire any land in Malaysia in accordance with the aforesaid act. In the event of any compulsory acquisition of land, the amount of compensation to be awarded shall be computed on the basis prescribed in the First Schedule of the Land Acquisition Act, 1960.

If all or any portion of our Group's landbank is compulsorily acquired by the Government at any point in time, the amount of such compensation may be less than the market price and/or may be less than their acquisition costs, resulting in an adverse financial impact to our Group. Our Group may also be hampered in undertaking any future development on any part of the affected parcel(s) of land, thereby limiting its full developmental potential and/or the financial contribution of such development to our Company.

(vii) Financing and/or funding risk

The availability of adequate financing is crucial to our Group's ability to proceed with and complete our property development projects according to plan. Such development projects are expected to be funded from a combination of internal funds, shareholders' loans, sales proceeds and bank borrowings.

If for whatsoever reason our Group is unable to procure adequate resources to finance these property development projects, our Group's business and financial condition as well as future growth and prospects may be materially and adversely affected.

(viii) Interest rate risks

Any prolonged adverse movements in interest rates could lead to higher borrowing costs for our Group, as such costs are typically based on the bank's base lending rate. Such higher borrowing costs will in turn affect the profitability of our Group. While every effort is taken to ensure that no adverse effects arise from interest-related commitments, there can be no assurance that any potential increase in interest rates will not have any material impact on our Group's future financial performance.

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8.4 Forward looking statements / future prospects

Certain statements in this 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 affect the actual results, performance or achievements 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 Prospectus should not be regarded as a representation or warranty by our Company that the plans and objectives of our Group will be achieved.

9. INDUSTRY OVERVIEW AND FUTURE PROSPECTS**9.1 Overview and outlook of the Malaysian economy**

The Malaysian economy registered a strong growth of 6.4% in the second quarter of 2014 (1Q 2014: 6.2%). Overall, growth was supported by higher exports and continued strength in private domestic demand. Real exports of goods and services grew at a faster pace while growth in real imports of goods and services moderated, resulting in a significant improvement in net exports. On a quarter-on-quarter seasonally-adjusted basis, the economy grew by 1.8% (1Q 2014: 0.8%).

Domestic demand grew by 5.7% in the second quarter of 2014 (1Q 2014: 7.4%). Private sector activity remained the key driver of growth during the quarter amid strong investment and consumption. Public sector spending declined during the quarter, due to lower public investment and consumption. Private sector activity grew by 8.1% (1Q 2014: 8.8%), above its long-term average of 6.9%. Private investment continued to register double-digit growth, expanding by 12.1% (1Q 2014: 14.1%). The robust performance was accounted mainly by investments in the services sector, particularly in dwellings, transportation and private education, and in the export-oriented manufacturing industry. Private consumption increased by 6.5% (1Q 2014: 7.1%) in the second quarter. Household spending remained supported by stable employment conditions and continued wage growth.

By contrast, public sector expenditure declined by 2.1% (1Q 2014: 2.7%). Public consumption declined marginally by 1.3% (1Q 2014: 11.2%), reflecting mainly lower Government spending on emoluments, and supplies and services. Public investment declined during the quarter, albeit at a slower pace of 3.3% (1Q 2014: -6.4%), attributed to lower spending on fixed assets by both the Federal Government and public enterprises.

In terms of total investment, gross fixed capital formation expanded by 7.2% (1Q 2014: 6.3%). By type of assets, this was driven by spending on machinery and equipment (9.1%; 1Q 2014: -1.8%), amidst a moderation of investment in structures (6.7%; 1Q 2014: 14.7%).

(Source: Malaysian Economy Second Quarter 2014 Report, Bank Negara Malaysia)

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9.2 Overview and outlook of the Malaysian property market and shopping complex segment

Value added of the construction sector (consisting primarily of residential, non-residential and civil engineering) grew 12% during the first half of 2013 (January – June 2012: 18.5%) attributed to ongoing civil engineering and residential activities.

The residential subsector expanded 15.7% in the first half of 2013 (January – June 2012: 22%) supported by strong demand and reflected in higher construction activities with housing starts rising 20.3% to 73,804 units (January – June 2012: 13.8%; 61,351 units).

In the residential segment, two and three-storey terraced houses as well as condominiums/ apartments accounted for 24.9% (18,401 units) and 22.3% (16,422 units) of the total starts, respectively. Units from new launches dropped 45.4% to 17,105 units (January – June 2012: -6.9%; 31,305 units). Sales of new launches remained favourable with a take-up rate of 21.8% (January – June 2012: 15.6%). In line with the increasing demand, the property overhang declined 9.5% to 14,576 units (end-June 2012: -27.7%; 16,098 units) amid the better sales performance of the residential segment.

Following the Government's initiatives to curb speculative activity, the volume of residential property transactions contracted 12.6% in the first half of 2013 (January – June 2012: increase of 1.5%), while the value increased marginally by 1% to RM32.9 billion (January – June 2012: 8%; RM32.6 billion). House prices continue to rise, albeit at a slower pace in 2013. During the 2nd quarter of 2013, the National House Price Index moderated to 7.8% (Q2 2012: 11.2%). Average all-house prices in Malaysia were at RM257,605 (Q2 2012: RM238,810), with Kuala Lumpur continuing to record the highest prices at RM605,711 followed by Sabah (RM389,203), Selangor (RM387,412), Sarawak (RM330,388) and Pulau Pinang (RM298,697).

In the non-residential subsector, construction activity was subdued and declined 1% (January – June 2012: increase of 12.8%) as reflected in the lower incoming supply, particularly in the purpose-built office and shopping complex segments. However, demand for commercial buildings remained stable with the average occupancy rate of office and retail space at 84.2% and 79.7%, respectively, reflecting sustained demand, particularly for commercial space located in prime areas.

Growth in the construction sector is projected to increase at a moderate pace of 9.6% in 2014 (2013: 10.6%) due to slower construction activity in the civil engineering subsector following the completion of several major infrastructure projects. Meanwhile, the residential subsector is expected to remain strong in view of the increased demand for housing, particularly from the middle-income group. The implementation of PR1MA housing project is expected to accelerate to meet the target of providing 80,000 units of houses for the middle-income group by 2015. Activity in the non-residential subsector is expected to remain stable, albeit at a moderate pace, supported by buoyant business and industrial activities as well as improved consumer sentiment.

(Source: Economic Report 2013/2014, Ministry of Finance, Malaysia)

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9.3 Overview and outlook of the Selangor property market

Selangor property market moderated in the first half of 2013 (H1 2013). There were 40,282 transactions recorded worth RM21.92 billion. As compared to H1 2012, both number and value of transactions dropped by 17.1% and 4.0% respectively (H1 2012: 48,619 transactions worth RM22.83 billion). Against H2 2012, the number and value of transactions reduced by 15.9% and 17.0% (H2 2012: 47,894 transactions worth RM26.41 billion). Residential sub-sector remained the most dominant sector, capturing 78.2% of the total transactions, followed by commercial (8.3%), agricultural (6.9%), industrial (3.3%) and development land (3.2%).

In the high-rise segment, prices were generally in upward trend with few exceptions. Prices of low-cost flats in Damansara Damai and Taman Puchong Permai registered increases of 21.0% and 13.0% respectively to record at RM65,000 to RM88,000. Meanwhile, apartments in Pusat Bandar Puchong in Petaling witnessed higher gains of 19.0%, fetching at RM265,000 to RM290,000. Other notable increases were recorded in Desa Aman Puri, Gombak and Bandar Sungai Long, Cheras by 14.5% and 11.1% respectively. Likewise, prices of condominium units remained strong in Petaling and Hulu Langat Districts whilst others were stable.

The residential overhang improved in the review period. There were 2,479 units of residential overhang worth RM1.44 billion. Against H2 2012, the overhang number was down by 8.5% (H2 2012: 2,709 units), whilst the value increased by 17.1% (H2 2012: RM 1.23 billion). On a similar note, the unsold under construction decreased marginally to 9,080 units, down by 5.2% (H2 2012: 9,574 units) whereas the unsold not constructed slightly increased by 0.9% (H2 2012: 1,418 units) to 1,431 units.

Similar movements were recorded for shops sub-sector. Against H1 and H2 2012, the overhang shrunk by 24.8% and 19.6%, to 328 units worth RM80.07 million. However, the unsold under construction remained unchanged at 593 units. The unsold not constructed increased by 69.8% and 93.1% respectively as compared to H1 2012 and H2 2012.

(Source: "H1 2013 Property Market Report – Selangor", National Property Information Centre, Valuation and Property Services Department, Ministry of Finance, Malaysia)

9.4 Prospects of our Group

The i-City master development project which also encompasses the SOHO Land and the Tower Land is an approximately RM7 billion urban development in Shah Alam and is master planned as a fully integrated intelligent city that entails the development of MSC Malaysia Cybercentre offices; data centres; corporate office tower; condominiums; incubator units; a regional shopping mall; hotels; as well as serviced apartments. Having been awarded MSC Malaysia Cybercentre status and endorsed as a Tourism Destination by the Ministry of Tourism and declared as an International Park by the Selangor State Government, i-City is poised to change the Shah Alam landscape positively.

The "i-SOHO" development project, located on the SOHO Land, encompasses four (4) phases that will comprise a mix of both residential and commercial units which is anticipated to have a total gross development value of approximately RM1.9 billion and is expected to be developed over a span of five (5) years targeted to be completed by 2017.

LETTER TO THE SHAREHOLDERS OF I-BERHAD IN RELATION TO THE RIGHTS ISSUE WITH WARRANTS AND OFS (Cont'd)

The construction of Phase 1 of the "i-SOHO" development began in August 2013 and is targeted to complete in June 2016. As at the LPD, a total of 637 residential/ retail units have been sold. The next phase of i-SOHO involves 826 units of i-Suites serviced residences spread over two (2) 34-storey towers with hotel service standards. This phase of the development has already commenced and is targeted to complete by August 2017. As at the LPD, a total of 152 units have been sold.

The conceptual proposal for the development of the Tower Land encompasses a mixed development of residential service suites, a hotel tower and an office tower with a total gross floor area of 1.60 million square feet and an estimated gross development value of approximately RM1.0 billion. It is currently in the conceptual and planning phase. The development for the Tower Land is planned to be developed over a span of four (4) years commencing 2015.

The Mall Land is seen as a highly suitable site for the "Central Plaza @ I-City" mall as it possesses good regional accessibility via major expressways and being strategically located alongside the Federal Highway. As a result, the mall is expected to have a high level of visibility including supporting the expansion of the market catchment within the immediate vicinity, namely i-City since it is planned as an urban development and master planned as a fully integrated intelligent community. The progressive development of i-City is expected to provide a ready market, particularly where on-site shopper traffic shall be drawn from the offices, residential units as well as hotels located within walking distance.

The "Central Plaza @ I-City" mall development is an integral component of the overall i-City project master plan and the development of such a retail centre within i-City is expected to benefit the entire i-City project, particularly the commercial and residential elements by providing a major retail component to the i-City project with a sizeable retail area of approximately 1.0 million square feet to support and attract additional office workers and residential tenancies to the area. This in turn is anticipated to encourage demand for our developments in the future and provide i-City with positive exposure when the mall is completed by 2017.

Our Board is of the view that for the "Central Plaza @ I-City" mall to be sustainable and successful with a tenant mix that includes strong major tenancies which will in turn attract smaller tenants and pedestrian traffic to the complex, it is imperative that the development be operator-driven. To this end, the CPN Joint Venture is expected to optimise the mall's developmental potential by leveraging on Central Pattana's experience in retail development and management. Central Pattana is one of the largest retail developer in Thailand and currently manages 24 shopping centres including CentralWorld, its flagship retail centre located in Bangkok, Thailand. The structure and terms of the CPN Joint Venture will enable Central Pattana to lead the development, leasing and management of the mall which will enable I-Berhad to focus on developing other properties within i-City as well as our leisure business.

LETTER TO THE SHAREHOLDERS OF I-BERHAD IN RELATION TO THE RIGHTS ISSUE WITH WARRANTS AND OFS (Cont'd)

With i-City forming the foundation of our Company's property development activities, the Grand i-Residence development will see us grow and expand our property development portfolio beyond Shah Alam. The Grand i-Residence development on the Kia Peng Land will enable us to embark and expand our geographical footprint to include the heart of Kuala Lumpur, specifically in the strategic and prime locality within the vicinity of the Kuala Lumpur City Centre (KLCC) area.

The Grand i-Residence development is envisaged to be a fully furnished 50-storey luxury condominium development and based on preliminary plans, it shall comprise of 127 units of SOHO (small office home office) and 315 units of serviced apartments with an anticipated total gross development value of approximately RM820.00 million. The development is expected to be developed over a span of five (5) years commencing from 2014 and targeted to complete by mid 2019.

Our Board is of the view that the prospects for property development activities in Malaysia will remain positive as shown in our Group's commendable growth in revenue at a compounded annual growth rate ("CAGR") of 136% per annum from RM27.23 million for the FYE 31 December 2011 to RM152.15 million for FYE 31 December 2013. For the 6-month FPE 30 June 2014, our Group continued to record significant revenue growth, registering RM115.56 million, a 90% increase over the same period in 2013.

Furthermore, given the location of i-City and the Kia Peng Land with its freehold status and the integrated projects planned at the location which meets market trend and demand, our Board envisages that the prospects of the proposed developments for i-City and the Kia Peng Land will be favourable coupled with our Group's strong recurring income base from the leisure segment.

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LETTER TO THE SHAREHOLDERS OF I-BERHAD IN RELATION TO THE RIGHTS ISSUE WITH WARRANTS AND OFS (Cont'd)

10. FINANCIAL EFFECTS OF THE CORPORATE EXERCISES

10.1 Share capital

The Warrants and ICULS are not expected to have any immediate effect on the issued and paid-up share capital of I-Berhad, until such time when the Warrants are exercised and ICULS are converted into new Shares. Assuming the full exercise of Warrants and full conversion of ICULS, the proforma effects on the issued and paid-up share capital of I-Berhad are as follows:

Details	Par value (RM)	No. of Shares ('000)	Share Capital (RM'000)
Issued and paid-up share capital as at the LPD	0.50	228,973	114,486
To be issued pursuant to the Rights Issue with Warrants	0.50	286,216	143,108
	0.50	515,189	257,594
To be issued pursuant to the Bonus Issue ¹	0.50	103,037	51,519
	0.50	618,226	309,113
To be issued pursuant to the full exercise of Warrants ²	0.50	68,692	34,346
	0.50	686,918	343,459
To be issued pursuant to full conversion of ICULS ³	0.50	443,088	221,544
	0.50	1,130,006	565,003
To be issued pursuant to full conversion of the RCULS	0.50	254,326	127,163
	0.50	1,384,332	692,166
To be issued pursuant to full granting of the LTIP award	0.50	138,433	69,217
Enlarged issued and paid-up share capital	0.50	1,522,765	761,383

Notes:

1. For illustration, a total of 103.04 million new Shares shall be issued under the Bonus Issue after taking into account the Rights Issue with Warrants.
2. Pursuant to the Rights Issue with Warrants, a total of approximately 57.24 million Warrants shall be issued to Rights Entitled Shareholders and as a result of the Bonus Issue, additional Warrants amounting to approximately 11.44 million is also assumed to be issued in accordance with the terms of the Warrants Deed Poll. As a result, a total of approximately 68.69 million Warrants is assumed to be exercised into approximately 68.69 million new Shares.
3. For illustrative purposes only, assuming the full conversion of the ICULS based on the ICULS Conversion Price of RM0.68, the full conversion of the ICULS will entail the issuance of approximately 443.09 million new Shares.
4. For illustrative purposes only, assuming no redemption from the Company and based on the RCULS-A conversion price of RM0.84 and the RCULS-B conversion price of RM0.71, the full conversion of the RCULS will entail the issuance of a total of approximately 254.33 million new Shares.

LETTER TO THE SHAREHOLDERS OF I-BERHAD IN RELATION TO THE RIGHTS ISSUE WITH WARRANTS AND OFS (Cont'd)

10.2 NA per share and Gearing

For illustrative purposes only, based on our latest audited consolidated statement of financial position as at 31 December 2013 and on the assumption that the Share Split, the Rights Issue with Warrants, the Bonus Issue, OFS and Acquisitions had been effected on that date, the proforma effects of the Rights Issue with Warrants and OFS on the NA per Share and gearing are set out below:

	Audited as at 31 December 2013 RM'000	I Events after the end of the reporting period ¹ RM'000	II After I and the Rights Issue with Warrants RM'000	III After II and the OFS RM'000	IV After III and the Bonus Issue RM'000	V After IV and assuming full exercise of Warrants RM'000	VI After V and assuming full conversion of ICULS RM'000	VII After VI and assuming full conversion of RCULS RM'000	VIII After VI and assuming full redemption of RCULS RM'000
Share capital	114,486	114,486	257,594	257,594	309,113	343,459	565,003	692,165	565,003
Revaluation reserve	1,331	1,331	1,331	1,331	1,331	1,331	1,331	1,331	1,331
Exchange translation reserve	139	139	139	139	139	139	139	139	139
Share premium ⁹	60,167	60,167	74,347	74,347	23,088	124,346 ³	184,311	225,489	184,311
Retained earnings	41,147	41,147 ²	38,222 ²	38,222 ²	38,222 ²	38,222 ²	31,972 ^{2,4}	36,566 ^{2,5}	51,113 ^{2,5,6}
Warrants reserve	-	-	39,126	39,126	38,866	-	-	-	-
RCULS equity reserve ⁷	-	14,547	14,547	14,547	14,547	14,547	14,547	-	-
ICULS equity reserve ⁷	-	281,509	281,509	281,509	281,509	281,509	-	-	-
Treasury shares	(509)	(509)	(509)	(509)	(509)	(509)	(509)	(509)	(509)
Shareholders' funds / NA	216,761	512,817	706,306	706,306	706,306	803,044	796,794	955,181	801,388

LETTER TO THE SHAREHOLDERS OF I-BERHAD IN RELATION TO THE RIGHTS ISSUE WITH WARRANTS AND OFS (Cont'd)

	Audited as at 31 December 2013 RM'000	I Events after the end of the reporting period RM'000	II After I and the Rights Issue with Warrants RM'000	III After II and the OFS RM'000	IV After III and the Bonus Issue RM'000	V After IV and assuming full exercise of Warrants RM'000	VI After V and assuming full conversion of ICULS RM'000	VII After VI and assuming full conversion of RCULS RM'000	VIII After VI and assuming full redemption of RCULS RM'000
No. of shares-in-issue ^{1,6} ('000)	114,486	228,973	515,189	515,189	618,226	686,918	1,130,006	1,384,332	1,130,006
NA per share (RM)	1.89	2.24	1.37	1.37	1.14	1.17	0.71	0.69	0.71
Total borrowings ⁷ (RM'000)	-	207,900	207,900	207,900	207,900	207,900	181,859	-	-
Gearing ratio (times)	-	0.41	0.29	0.29	0.29	0.26	0.23	-	-

Notes:

- The following events were occurred after the end of the reporting period:
 - On 12 August 2014, the Share Split was completed following the listing and quotation for 228,972,712 Shares on the Main Market.
 - On 27 August 2014, the Company announced that the the Kia Peng Land Acquisition, the SOHO Land Acquisition and the Tower Land Acquisition has been completed resulting in the issuance of the RCULS and the provisional allotment of the ICULS.
- After taking into account RM2.9 million of the total estimated expenses of RM4.0 million in relation to our corporate proposals recently undertaken (see details in Note 4 of Section 6.1 of this Prospectus). The remaining RM1.1 million out of the total estimated expenses is an incremental cost directly attributable to the issuance of Shares under the corporate proposals and is hence deducted from the share premium account in accordance with the Financial Reporting Standards Implementation Committee Consensus 13 - Expenses Permitted to be Written Off Against the Share Premium Account under Section 60 of the Act. Estimated expenses related to the OFS of approximately RM0.6 million shall be fully borne by Sumunwang, the offeror of the OFS.
- Based on the adjusted Warrants Exercise Price after the Bonus Issue of approximately RM1.41, representing a premium of approximately 30% to the illustrative TEAP of RM1.08 calculated based on the 5-day VWAMP of I-Berhad Shares up to and including 26 August 2014 of RM2.06.
- In the event that the ICULS are only converted at the end of the 5-year tenure, a total notional interest of RM5.6 million will be recognised over the ICULS' 5-year tenure, the annual notional interest of which is as set out below:

LETTER TO THE SHAREHOLDERS OF I-BERHAD IN RELATION TO THE RIGHTS ISSUE WITH WARRANTS AND OFS (Cont'd)

Year	SOHO Land Acquisition	Notional interest * (RM'000) Tower Land Acquisition	Total
1	933	499	1,432
2	984	527	1,511
3	823	440	1,263
4	598	320	918
5	307	164	471

* In accordance with the FRS 139 Financial Instruments: Recognition and Measurement, after initial recognition, financial liabilities shall be measured at amortised cost using the effective interest method. The notional interest is calculated using the average cost of debts of the Group of 5.5% per annum over the tenure of 5 years.

In accordance with the FRS 123 Borrowing Costs, the annual notional interest shall be capitalised as property development costs. Subsequently, the annual notional interest shall be expensed off by reference to the stage of completion of development activity when the property development units are sold in accordance with FRS 201 Property Development Activities.

5. In the event that the RCULS are only converted/redeemed at the end of the 5-year tenure, a total notional interest of RM53.3 million will be recognised over the RCULS' 5-year tenure, the annual notional interest of which is as set out below:

Year	Kia Peng Land Acquisition		Notional interest * (RM'000)	
	SOHO Land Acquisition	Tower Land Acquisition	SOHO Land Acquisition	Tower Land Acquisition
1	6,569	2,239	1,194	10,002
2	6,930	2,362	1,260	10,552
3	7,093	2,418	1,290	10,801
4	7,193	2,452	1,308	10,953
5	7,226	2,463	1,314	11,003

* In accordance with the FRS 139 Financial Instruments: Recognition and Measurement, after initial recognition, financial liabilities shall be measured at amortised cost using the effective interest method. The notional interest is calculated using the average cost of debts of the Group of 5.5% per annum over the tenure of 5 years.

In accordance with the FRS 123 Borrowing Costs, the annual notional interest shall be capitalised as property development costs. Subsequently, the annual notional interest shall be expensed off by reference to the stage of completion of development activity when the property development units are sold in accordance with FRS 201 Property Development Activities.

LETTER TO THE SHAREHOLDERS OF I-BERHAD IN RELATION TO THE RIGHTS ISSUE WITH WARRANTS AND OFS (Cont'd)

6. Referring to note 5 above, in the event that the RCULS are redeemed at the end of the 5-year tenure, the notional interest shall be capitalised as property development costs. Subsequently, the annual notional interest shall be expensed off by reference to the stage of completion of development activity when the property development units are sold in accordance with FRS 201 Property Development Activities.

7. ICULS and RCULS are segregated into equity and liability components as follows:

	Kia Peng Land Acquisition	SOHO Land Acquisition	Tower Land Acquisition	Assuming full conversion of ICULS	Assuming full conversion of RCULS	Assuming full redemption of RCULS
Equity reserve (RM'000):						
- RCULS	9,553	3,257	1,737	-	(14,547)	(14,547)
- ICULS	-	183,406	98,103	(281,509)	-	-
Borrowings (RM'000):						
- RCULS	119,430	40,715	21,714	-	(181,859)	(181,859)
- ICULS	-	16,966	9,075	(26,041)	-	-
	119,430	57,681	30,789	(26,041)	(181,859)	(181,859)

8. Inclusive of Treasury Shares. Subsequent to 31 December 2013 and as at the date of this Prospectus, the Company does not retain any Treasury Shares.

9. The movement of share premium are as follows:

	Rights Issue with Warrants	Bonus Issue	Assuming full exercise of Warrants	Assuming full conversion of ICULS	Assuming full conversion of RCULS
Share premium (RM'000)	15,255 ²	(51,259)	101,258	59,965	41,178

LETTER TO THE SHAREHOLDERS OF I-BERHAD IN RELATION TO THE RIGHTS ISSUE WITH WARRANTS AND OFS (Cont'd)

10.3 Earnings and EPS

The Rights Issue with Warrants, the OFS and the Bonus Issue are not expected to have any material effect on the consolidated earnings of our Group. There will be a dilutive effect to the EPS of our Group for the FYE 31 December 2014 as the Rights Issue with Warrants and the Bonus Issue are expected to be completed by the fourth (4th) quarter of 2014.

Moving forward, the Rights Issue with Warrants is expected to contribute positively to the consolidated earnings of I-Berhad for the ensuing financial years, when the benefits of the proposed utilisation of the Rights Issue Proceeds (as set out in Section 6.1 of this Prospectus) are realised.

Nevertheless, the conversion of any ICULS and RCULS into new Shares will result in I-Berhad's consolidated EPS being diluted. Pursuant to their principal terms, the conversion of the ICULS can occur any time at the option of the holders during the tenure of the ICULS while the conversion of the RCULS can only occur at the option of the holders during the period from and including the second (2nd) anniversary up to and including the maturity date of the RCULS. Such dilution will depend on the number of new Shares issued under the conversion of the ICULS and/or the RCULS.

10.4 Convertible securities

Save for the existing RCULS-A, RCULS-B and the provisionally allotted ICULS, I-Berhad does not have any other convertible securities as at the date of this Prospectus. Pursuant to the Rights Issue with Warrants, I-Berhad's convertible securities will also include the Warrants.

11. WORKING CAPITAL, BORROWINGS, CONTINGENT LIABILITIES AND MATERIAL COMMITMENTS
11.1 Working capital

Our Board is of the opinion that after taking into consideration the funds generated from our operations and the banking facilities available as well as the proceeds from the Rights Issue with Warrants, our Group will have sufficient working capital to meet our current core business requirements for a period of twelve (12) months from the date of this Prospectus.

11.2 Borrowings

As at the LPD, our Group had total outstanding borrowings of approximately RM10.00 million, all of which are interest-bearing, details of which are as follows:

	<u>RM'000</u>
<u>Short term borrowings</u>	
- Short term revolving credit facility	10,000
Sub-total	<u>10,000</u>

LETTER TO THE SHAREHOLDERS OF I-BERHAD IN RELATION TO THE RIGHTS ISSUE WITH WARRANTS AND OFS (Cont'd)

As at the LPD, our Group does not have any long term borrowings and foreign borrowings.

There has not been any default on payments of either interest and/or principal sums in respect of any borrowings throughout the past one (1) financial year and the subsequent financial period up to the LPD.

11.3 Contingent liabilities

Save as disclosed below, as at the LPD, our Board confirms that there are no material contingent liabilities incurred or known to be incurred by our Group, which upon being enforceable, will have a material adverse effect on our Group's financial position or business:

	<u>RM'000</u>
Contingent liabilities in respect of:	
- Bank guarantee issued to third parties	1,814
Total contingent liabilities	<u>1,814</u>

In accordance with the terms of the Tower Land Acquisition, City Centrepoint Sdn Bhd ("CCSB"), a wholly-owned subsidiary of our Company and the purchaser of the Tower Land, is required to procure a bank guarantee in favour of Central Plaza Real Estate Sdn Bhd to guarantee the payment on demand of an amount up to RM11,992,600 in respect of CCSB's portion of the costs of certain infrastructures within the Tower Land and the Mall Land which are common to and to be shared between the development of the Tower Land and the Mall Land (which adjoins the Tower Land). The provision of this bank guarantee is subject to the completion of the Mall Land Acquisition (as defined in Section 7(vi)(b) of this Prospectus).

As a portion of the project capitalisation amount for the CPN Joint Venture (as defined in Section 6.1 of this Prospectus) is expected to be financed via external borrowings, our Company may be required to provide corporate guarantees (through ICP) as a joint venture party to the CPN Joint Venture based on its shareholding in Central Plaza I-City Mall Malaysia Sdn Bhd to support such external borrowings. As at the LPD, such requirements and quantum have not been finalised between ICP, CPN and potential borrowers.

11.4 Material commitments

Save as disclosed below, as at the LPD, our Board confirms that there are no material commitments incurred or known to be incurred by our Group which upon being enforceable, will have a material adverse effect on our Group's financial position or business:

	<u>RM'000</u>
Contracted but not provided for	
- Property, plant and equipment:	
(i) New leisure attractions	2,941
(ii) Hotel development	4,253
- Investment properties	21,696
Total capital commitments	<u>28,890</u>

The material commitments in respect of the acquisition of property, plant and equipment is expected to be funded through internally-generated funds and/or bank borrowings.

LETTER TO THE SHAREHOLDERS OF I-BERHAD IN RELATION TO THE RIGHTS ISSUE WITH WARRANTS AND OFS (Cont'd)

12. INSTRUCTIONS FOR ACCEPTANCE, PAYMENT, SALE/TRANSFER AND EXCESS APPLICATION OF THE RIGHTS ISSUE WITH WARRANTS

12.1 General

FULL INSTRUCTIONS FOR THE ACCEPTANCE AND PAYMENT FOR THE RIGHTS SHARES WITH WARRANTS PROVISIONALLY ALLOTTED TO YOU AND/OR YOUR RENOUNCEE(S) AND/OR TRANSFEREE(S) (IF APPLICABLE) AS WELL AS FOR EXCESS RIGHTS SHARES APPLICATION ARE SET OUT IN THIS PROSPECTUS AND THE ACCOMPANYING RSF. YOU AND/OR YOUR RENOUNCEE (S) AND/OR TRANSFEREE(S) (IF APPLICABLE) ARE ADVISED TO READ THIS PROSPECTUS, THE RSF AND THE NOTES AND THE INSTRUCTIONS THEREIN CAREFULLY. THE RSF MUST NOT BE CIRCULATED UNLESS ACCOMPANIED BY THIS PROSPECTUS.

ACCEPTANCE, APPLICATION AND/OR PAYMENT WHICH DOES NOT CONFORM STRICTLY TO THE TERMS OF THIS PROSPECTUS, THE RSF AND THE NOTES AND INSTRUCTIONS THEREIN OR WHICH ARE ILLEGIBLE MAY BE REJECTED AT THE ABSOLUTE DISCRETION OF OUR BOARD.

If you are a Rights Entitled Shareholder, your CDS Account will be duly credited with the Provisional Allotments of Rights which you are entitled to subscribe for under the terms and conditions of the Rights Issue with Warrants. You will find enclosed with this Prospectus, the NPA notifying you of the crediting of such securities 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 if you choose to do so. This Prospectus and the RSF are also available on Bursa Securities' website (<http://www.bursamalaysia.com>).

The minimum number of securities that can be subscribed for or accepted is five (5) Rights Shares, which will be accompanied by one (1) Warrant. The minimum number of Warrants that can be issued and allotted with accepted Rights Shares is one (1) Warrant. Fractions of the Warrant (if any) arising from the Rights Issue with Warrants will be dealt with by our Board as they may deem fit. You and your renounee(s) and/or transferee(s) (if applicable) should take note that a trading board lot of the Rights Shares are 100 Rights Shares and a trading board lot of the Warrants are 100 Warrants.

Our Company shall make an announcement after the Closing Date on the outcome of the Rights Issue and Warrants.

The Rights Shares with Warrants will be prescribed securities pursuant to Section 14(5) of the SICDA and therefore, all dealings will be by book entries through CDS Accounts and shall be governed by SICDA Rules and the Rules of Bursa Depository. As a Rights Entitled Shareholder, you and/or your renounee(s) and/or transferee(s) (if applicable) are required to have valid and subsisting CDS Accounts when making applications.

12.2 Last date and time for acceptance and payment

The last date and time for acceptance and payment for the Rights Shares with Warrants is 5.00 p.m. on Tuesday 30 September 2014, or such other later time and date as our Board and our Principal Adviser may mutually decide and announce not later than two (2) Market Days before the stipulated time and date.

LETTER TO THE SHAREHOLDERS OF I-BERHAD IN RELATION TO THE RIGHTS ISSUE WITH WARRANTS AND OFS (Cont'd)

12.3 Procedures for full acceptance and payment

Acceptance of and payment for the Rights Shares with Warrants must be made on the RSF accompanying this Prospectus and must be completed in accordance with the notes and instructions contained in the RSF. Acceptances which do not conform to the terms and conditions of this Prospectus or the RSF or the notes and instructions contained in these Documents or which are illegible may be rejected at the absolute discretion of our Board.

If you wish to accept the Provisional Allotments of Rights in full, please complete Parts I(a) and II of the RSF in accordance with the notes and the instructions therein. Each completed and signed RSF together with the appropriate remittance must be despatched by **ORDINARY POST** at your own risk or **DELIVERED BY HAND** using the reply envelope provided 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

Tel. No. : 603 2264 3883

Fax No.: 603 2282 1886

so as to arrive no later than **5.00 p.m. on Tuesday 30 September 2014**, being the last time and date for acceptance and payment, or such other later time and date as our Board and our Principal Adviser may mutually decide and announce not later than two (2) Market Days before the stipulated time and date.

If you lose, misplace or for any other reasons require another copy of the RSF, you 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.

One (1) RSF can only be used for acceptance of Provisional Allotments of Rights standing to the credit of one (1) CDS Account. Separate RSF(s) must be used for the acceptance of Provisional Allotments of Rights standing to the credit of more than one (1) CDS Account. If successful, the Rights Shares with Warrants subscribed by you or your renounee(s) and/or transferee(s) (if applicable) will be credited into the respective CDS Accounts where the Provisional Allotments of Rights are standing to the credit.

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

EACH COMPLETED RSF MUST BE ACCOMPANIED BY REMITTANCE IN "RM" FOR THE FULL AMOUNT IN THE FORM OF BANKER'S DRAFT(S) OR CASHIER'S ORDER(S) OR 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 "I-BERHAD RIGHTS ISSUE ACCOUNT" AND ENDORSED ON THE REVERSE SIDE WITH THE NAME IN BLOCK LETTERS AND CDS ACCOUNT OF THE RIGHTS ENTITLED SHAREHOLDERS TO BE RECEIVED BY OUR SHARE REGISTRAR. THE PAYMENT MUST BE MADE IN THE EXACT AMOUNT. ANY ACCEPTANCE WITH EXCESS OR INSUFFICIENT PAYMENT MAY BE REJECTED AT THE ABSOLUTE DISCRETION OF OUR BOARD. CHEQUES OR ANY OTHER MODE OF PAYMENTS

LETTER TO THE SHAREHOLDERS OF I-BERHAD IN RELATION TO THE RIGHTS ISSUE WITH WARRANTS AND OFS (Cont'd)

ARE NOT ACCEPTABLE. DETAILS OF THE REMITTANCES MUST BE FILLED IN THE APPROPRIATE BOXES PROVIDED IN THE RSF.

If acceptance and payment of your Provisional Allotments of Rights is not received by our Share Registrar by **5.00 p.m. on Tuesday 30 September 2014**, being the last time and date for acceptance and payment, or such other later time and date as our Board and our Principal Adviser may mutually decide and announce no later than two (2) Market Days before the stipulated time and date, such provisional allotment to you and/or your renounee(s) (if applicable) shall be deemed to have been declined and shall be cancelled and such Rights Shares with Warrants not taken up will be first made available for Excess Rights Shares application and if undersubscribed, will be underwritten by the Underwriter in accordance with the terms and conditions of the Underwriting Agreement.

NO ACKNOWLEDGEMENT OF RECEIPT OF THE RSF FOR THE RIGHTS ISSUE WITH WARRANTS ACCEPTED OR PAYMENT THEREOF WILL BE ISSUED BY OUR COMPANY OR OUR SHARE REGISTRAR. PROOF OF TIME OF POSTAGE SHALL NOT CONSTITUTE PROOF OF TIME OF RECEIPT BY OUR SHARE REGISTRAR. ACCEPTANCES SHALL NOT BE DEEMED TO HAVE BEEN ACCEPTED BY REASON OF REMITTANCE BEING PRESENTED FOR PAYMENT. OUR BOARD RESERVES THE RIGHT NOT TO ACCEPT ANY ACCEPTANCE OR TO ACCEPT ANY ACCEPTANCE IN PART ONLY WITHOUT ASSIGNING ANY REASON.

Upon acceptance of your Provisional Allotments of Rights and subject to the payment being made in accordance to this Prospectus and the notes and instructions in the RSF, your portion of the Rights Shares with Warrants shall be credited into your CDS Account and a notice of allotment will be despatched to you by ordinary post to the address as stated in our Record of Depositors at your own risk within eight (8) Market Days from the last date of acceptance and payment for the Rights Shares with Warrants or such other period as may be prescribed by Bursa Securities.

Any acceptance and payment made which has been rejected on the basis that it does not conform with the terms in this Prospectus or the notes and instructions of the RSF, the full amount of the payment shall be refunded without interest and shall be deposited to you within fifteen (15) Market Days from the last date for acceptance and payment of the Provisional Allotments of Rights by ordinary post to the address as stated in our Record of Depositors at your own risk.

YOU SHOULD NOTE THAT ALL RSF AND REMITTANCES SO LODGED WITH OUR SHARE REGISTRAR WILL BE IRREVOCABLE AND CANNOT SUBSEQUENTLY BE WITHDRAWN.

12.4 Procedures for part acceptance

You are entitled to accept part of your entitlement to the Provisional Allotments of Rights provided that the minimum number of Rights Shares with Warrants that can be subscribed for or accepted is five (5) Rights Shares.

You must complete Part I(a) of the RSF by specifying the number of Rights Shares with Warrants which you are accepting and Part II of the RSF and deliver the completed and signed RSF together with the relevant payment to our Share Registrar in the manner as set out in Section 12.3 above.

YOU ARE ADVISED TO READ AND ADHERE TO THE RSF AND THE NOTES AND INSTRUCTIONS CONTAINED IN THE RSF.

LETTER TO THE SHAREHOLDERS OF I-BERHAD IN RELATION TO THE RIGHTS ISSUE WITH WARRANTS AND OFS (Cont'd)

The portion of the Provisional Allotments of Rights not taken up shall be allotted to any other person allowed under any laws, regulations or rules to accept the transfer of the Provisional Allotments of Rights and the balance, if any, will be first made available for Excess Rights Shares applications and if undersubscribed, will be underwritten by the Underwriter in accordance with the terms and conditions set out in the Underwriting Agreement.

12.5 Procedures for sale and/or transfer of the Provisional Allotments of Rights

The Provisional Allotments of Rights are renounceable and will be traded on Bursa Securities commencing 15 September 2014 until 23 September 2014 at 5.00 p.m.. You and/or your renounee(s) (if applicable) may sell/transfer all or part of the Provisional Allotments of Rights to such person as may be allowed pursuant to the Rules of Bursa Depository.

If you wish to sell/transfer all or part of your entitlement to the Rights Shares with Warrants you may do so immediately through your stockbroker for the period up to the last time and date for sale and transfer of the Rights Shares with Warrants (in accordance with the Rules of Bursa Depository), without first having to request for a split of Provisional Allotments of Rights credited to your CDS Account.

In selling/transferring all or part of your Provisional Allotments of Rights, you and/or your renounee(s) (if applicable) need not deliver any document (including the RSF), to your stockbroker. However, you and/or your renounee(s) (if applicable) must ensure that there is sufficient Provisional Allotment of Rights in your CDS Account for settlement of the sale/transfer.

Renounee(s) or transferee(s) of the Provisional Allotments of Rights may obtain a copy of this Prospectus and the RSF from their stockbrokers or from our Share Registrar or at our Registered Office. This Prospectus and the RSF are also available on Bursa Securities website at (<http://www.bursamalaysia.com>).

If you and/or your renounee(s) (if applicable) have sold/transferred only part of your entitlement of the Rights Shares with Warrants, you may still accept the balance of your entitlements to the Rights Shares with Warrants by completing Parts I(a) and II of the RSF and deliver the completed RSF together with the full amount payable on the balance of your entitlement to our Share Registrar in accordance with the instructions set out in Section 12.3 above.

THE WARRANTS SHALL ONLY BE ISSUED TO THE RIGHTS ENTITLED SHAREHOLDERS AND/OR THEIR RENOUNCEE(S) AND/OR TRANSFEREE(S) (IF APPLICABLE) WHO SUBSCRIBE FOR THE RIGHTS SHARES PURSUANT TO THE RIGHTS ISSUE WITH WARRANTS. FOR AVOIDANCE OF DOUBT, THE RIGHTS SHARES AND THE WARRANTS ARE NOT SEPARATELY RENOUNCEEABLE. SHOULD THE RIGHTS ENTITLED SHAREHOLDERS RENOUNCE ALL OR ANY PART OF THEIR ENTITLEMENTS TO THE RIGHTS SHARES, THEY WILL NOT BE ENTITLED TO THE WARRANTS ATTACHED THERETO. THE RENUNCIATION OF THE RIGHTS SHARES BY THE RIGHTS ENTITLED SHAREHOLDERS WILL ACCORDINGLY ENTAIL THE RENUNCIATION OF THE WARRANTS TO BE ISSUED TOGETHER WITH THE RIGHTS SHARES. NONETHELESS, THE WARRANTS WILL BE DETACHED FROM THE RIGHTS SHARES IMMEDIATELY UPON ISSUE AND WILL BE TRADED SEPARATELY ON THE MAIN MARKET.

LETTER TO THE SHAREHOLDERS OF I-BERHAD IN RELATION TO THE RIGHTS ISSUE WITH WARRANTS AND OFS (Cont'd)

12.6 Procedures for Excess Rights Shares application

If you wish to apply for additional Rights Shares with Warrants in excess of your entitlement, you may do so by completing Part I(b) of the RSF (in addition to Parts I(a) and II) and forward it with a separate remittance for the full amount payable on the Excess Rights Shares applied for, to our Share Registrar not later than **5.00 p.m. on Tuesday 30 September 2014** being the last time and date for acceptance and payment or such other later time and date as our Board and our Principal Adviser may mutually decide and announce not later than two (2) Market Days before the stipulated time and date.

PAYMENT FOR THE EXCESS RIGHTS SHARES APPLIED FOR SHOULD BE MADE IN THE SAME MANNER DESCRIBED IN SECTION 12.3 ABOVE EXCEPT THAT THE BANKER'S DRAFT(S) OR CASHIER'S ORDER(S) OR MONEY ORDER(S) OR POSTAL ORDER(S) DRAWN ON A BANK OR POST OFFICE IN MALAYSIA SHALL BE CROSSED "A/C PAYEE ONLY" AND MADE PAYABLE TO "I-BERHAD EXCESS RIGHTS ISSUE ACCOUNT", AND ENDORSED ON THE REVERSE SIDE WITH YOUR NAME IN BLOCK LETTERS AND YOUR CDS ACCOUNT NUMBER. APPLICATIONS ACCOMPANIED BY PAYMENTS OTHER THAN IN THE MANNER STATED ABOVE OR WITH EXCESS OR INSUFFICIENT REMITTANCES MAY BE REJECTED AT THE ABSOLUTE DISCRETION OF OUR BOARD. CHEQUES OR ANY OTHER MODE OF PAYMENTS ARE NOT ACCEPTABLE. DETAILS OF THE REMITTANCES MUST BE FILLED IN THE APPROPRIATE BOXES PROVIDED IN THE RSF.

It is the intention of our Board to allocate the Excess Rights Shares, on a fair and equitable basis in the following priority:

- (i) firstly, to minimise the incidence of odd lots;
- (ii) secondly, for allocation to the Rights Entitled Shareholder(s) who have applied for Excess Rights Shares on a pro-rata basis and in board lots, calculated based on their respective shareholdings as at the Entitlement Date;
- (iii) thirdly, for allocation to the Rights Entitled Shareholder(s) who have applied for the Excess Rights Shares on a pro-rata basis and in board lots, calculated based on the quantum of their respective Excess Rights Shares applied for; and
- (iv) fourthly, for allocation to renounee(s) and/or transferee(s) who have applied for the Excess Rights Shares on a pro-rata basis and in board lots, calculated based on the quantum of their respective Excess Rights Shares applied for.

Nevertheless, our Board reserves the right to allot the Excess Rights Shares applied for under Part I(b) of the RSF in such manner as our Board deems fit and expedient and in the best interest of our Company subject always to such allocation being made on a fair and equitable basis, and that the intentions of our Board as set out above is achieved. Our Board reserves the right to accept the Excess Rights Shares application in full or in part, without assigning any reason thereof.

In the event there are still unsubscribed Rights Shares with Warrants after allocating all the Excess Rights Shares applied for, the remaining unsubscribed Rights Shares with Warrants will be subscribed by the Underwriter in accordance to the terms and conditions of the Underwriting Agreement.

LETTER TO THE SHAREHOLDERS OF I-BERHAD IN RELATION TO THE RIGHTS ISSUE WITH WARRANTS AND OFS (Cont'd)

NO ACKNOWLEDGEMENT OF RECEIPT FOR THE EXCESS RIGHTS SHARES APPLIED OR PAYMENT THEREOF WILL BE ISSUED BY OUR COMPANY OR OUR SHARE REGISTRAR. PROOF OF TIME OF POSTAGE SHALL NOT CONSTITUTE PROOF OF TIME OF RECEIPT BY OUR SHARE REGISTRAR.

In respect of unsuccessful or partially successful Excess Rights Shares applications, the full amount or the surplus application monies, as the case may be, will be refunded without interest and shall be despatched to you within fifteen (15) Market Days from the last day for application and payment for the Excess Rights Shares by ordinary post to the address as shown in our Record Of Depositors at your own risk.

However, if you are successful, notices of allotment will be despatched by the Share Registrar to you by ordinary post to the address as shown in our Record of Depositors at your own risk within eight (8) Market Days from the last day for application and payment for the Excess Rights Shares or such other period as may be prescribed by Bursa Securities.

ACCEPTANCES SHALL NOT BE DEEMED TO HAVE BEEN ACCEPTED BY REASON OF REMITTANCE BEING PRESENTED FOR PAYMENT. OUR BOARD RESERVES THE RIGHT NOT TO ACCEPT ANY ACCEPTANCE OR TO ACCEPT ANY ACCEPTANCE IN PART ONLY WITHOUT ASSIGNING ANY REASON.

YOU SHOULD NOTE THAT ALL RSF AND REMITTANCES SO LODGED WITH OUR SHARE REGISTRAR WILL BE IRREVOCABLE AND CANNOT SUBSEQUENTLY BE WITHDRAWN.

12.7 Procedures for acceptance by renouncee(s)/transferee(s)

A renouncee or transferee who wishes to accept the Provisional Allotments of Rights, must obtain a copy of the RSF from his stockbroker, Bursa Securities' website (<http://www.bursamalaysia.com>), our Share Registrar or at our registered office, complete the RSF in accordance with the notes and instructions therein and submit the same together with the appropriate remittance.

The procedure for acceptance, selling or transferring of the Provisional Allotments of Rights, applying for Excess Rights Shares and/or payment is the same as that which is applicable to the Rights Entitled Shareholder(s) described in Sections 12.3 to 12.6 of this Prospectus.

If you wish to obtain a copy of this Prospectus and/or accompanying RSF, you can also request for the same from your stockbroker, our Share Registrar, or Bursa Securities' website at (<http://www.bursamalaysia.com>).

THE RENOUNCEE(S)/TRANSFEREE(S) ARE ADVISED TO READ, UNDERSTAND AND CONSIDER CAREFULLY THE CONTENTS OF THIS PROSPECTUS AND ADHERE TO THE NOTES AND INSTRUCTIONS CONTAINED IN THIS PROSPECTUS AND RSF CAREFULLY.

THE LAST TIME AND DATE FOR ACCEPTANCE AND PAYMENT FOR THE RIGHTS SHARES WILL BE AT 5.00 P.M. ON TUESDAY 30 SEPTEMBER 2014, OR SUCH OTHER LATER TIME AND DATE AS OUR BOARD AND OUR PRINCIPAL ADVISER MAY MUTUALLY DECIDE AND ANNOUNCE NOT LESS THAN TWO (2) MARKET DAYS BEFORE THE STIPULATED TIME AND DATE.

LETTER TO THE SHAREHOLDERS OF I-BERHAD IN RELATION TO THE RIGHTS ISSUE WITH WARRANTS AND OFS (Cont'd)

13. INSTRUCTIONS FOR ACCEPTANCE, PAYMENT, SALE/TRANSFER AND EXCESS APPLICATION OF THE OFS

13.1 General

FULL INSTRUCTIONS FOR THE ACCEPTANCE AND PAYMENT FOR THE OFS ICULS PROVISIONALLY OFFERED TO YOU AND/OR YOUR RENOUNCEE(S) AND/OR TRANSFEREE(S) (IF APPLICABLE) AS WELL AS FOR EXCESS OFS ICULS APPLICATION ARE SET OUT IN THIS PROSPECTUS AND THE ACCOMPANYING OAF. YOU AND/OR YOUR RENOUNCEE(S) AND/OR TRANSFEREE(S) (IF APPLICABLE) ARE ADVISED TO READ THIS PROSPECTUS, THE OAF AND THE NOTES AND THE INSTRUCTIONS THEREIN CAREFULLY. THE OAF MUST NOT BE CIRCULATED UNLESS ACCOMPANIED BY THIS PROSPECTUS.

ACCEPTANCE, APPLICATION AND/OR PAYMENT WHICH DOES NOT CONFORM STRICTLY TO THE TERMS OF THIS PROSPECTUS, THE OAF AND THE NOTES AND INSTRUCTIONS THEREIN OR WHICH ARE ILLEGIBLE MAY BE REJECTED AT THE ABSOLUTE DISCRETION OF OUR BOARD AND/OR THE SUMURWANG BOARD.

If you are an OFS Entitled Shareholder, your CDS Account will be duly credited with the Provisional Offer of ICULS for which you are entitled to subscribe for under the terms and conditions of the OFS. You will find enclosed with this Prospectus, the NPO notifying you of the crediting of such number of Provisional Offer of ICULS into your CDS Account and the OAF to enable you to accept and make payment for the Provisional Offer of ICULS to you, as well as to apply and make payment for any Excess OFS ICULS, if you choose to do so. This Prospectus and the OAF are also available on Bursa Securities' website (<http://www.bursamalaysia.com>).

The minimum number of OFS ICULS that can be subscribed for is five (5) OFS ICULS. You and your renounee(s)/transferee(s) (if applicable) should take note that a trading board lot of the ICULS comprises 100 ICULS or RM50.00 nominal value of the ICULS.

Our Company shall make an announcement after the Closing Date on the outcome of the OFS and whether the ICULS are to be listed or not.

In the event that the ICULS are to be listed, the ICULS shall be prescribed securities pursuant to Section 14(5) of the SICDA and therefore, all dealings will be by book entries through CDS Accounts and shall be governed by SICDA Rules and the Rules of Bursa Depository. As an OFS Entitled Shareholder, you and/or your renounee(s) and/or transferee(s) (if applicable) are required to have valid and subsisting CDS Accounts when making applications.

In the event that the ICULS are not to be listed, the ICULS shall be issued under FAST and RENTAS and shall be securities listed on SSDS. Any dealings in the ICULS will be subject to, amongst others, the Central Securities Depository and Paying Agency Rules and any other relevant rules and regulations. If you and/or your renounee(s) and/or transferee(s) (if applicable) are SSDS Participants, please provide your valid and subsisting Own Securities Account number in addition to your CDS Account number when making applications. For OFS Entitled Shareholders and renounee(s) and/or transferee(s) (if applicable) that are not SSDS Participants or for those who did not provide their Own Securities Account number, the ICULS will be held by Pacific Trustees Berhad, as custodian nominated by I-Berhad to hold the ICULS in its securities account maintained with a SSDS Participant on behalf of you or your renounee(s) and/or

LETTER TO THE SHAREHOLDERS OF I-BERHAD IN RELATION TO THE RIGHTS ISSUE WITH WARRANTS AND OFS (Cont'd)

transferee(s) (if applicable) favour. The cost of setting up the Aggregate Customers' Securities Account shall be borne by I-Berhad at no additional expense to the subscribers.

Further details are set out in Section 3.1 of this Prospectus.

13.2 Last date and time for acceptance and payment

The last date and time for acceptance and payment of the OFS ICULS is at 5.00 p.m. on Tuesday 30 September 2014 or such other later date and time as our Board, the Sumurwang Board and our Principal Adviser may mutually decide and announce not later than two (2) Market Days before the original stipulated time and date.

13.3 Procedures for full acceptance and payment

Acceptance of and payment for the OFS ICULS must be made on the OAF accompanying this Prospectus and must be completed in accordance with the notes and instructions contained in the OAF. Acceptances which do not conform to the terms and conditions of this Prospectus or the OAF or the notes and instructions contained in these Documents or which are illegible may be rejected at the absolute discretion of our Board and/or the Sumurwang Board.

If you wish to accept the Provisional Offer of ICULS in full, please complete Parts I(a) and II of the OAF in accordance with the notes and instructions therein. Each completed and signed OAF together with the appropriate remittance must be despatched by **ORDINARY POST** at your own risk or **DELIVERED BY HAND** using the reply envelope provided 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

Tel. No. : 603 2264 3883
Fax No.: 603 2282 1886

so as to arrive no later than **5.00 p.m. on Tuesday 30 September 2014**, being the last time and date for acceptance and payment, or such other later date and time as our Board, the Sumurwang Board and our Principal Adviser may mutually decide and announce no later than two (2) Market Days before the stipulated date and time.

If you lose, misplace or for any other reasons require another copy of the OAF, you 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.

One (1) OAF can only be used for acceptance of Provisional Offer of ICULS standing to the credit of one (1) CDS Account. Separate OAF(s) must be used for the acceptance of Provisional Offer of ICULS credited to more than one (1) CDS Account. If successful, the OFS ICULS subscribed by you or your renounee(s) (if applicable) will be credited into the respective CDS Accounts or Own Securities Account or Aggregate Customers' Securities Account as stated on the completed OAF.

LETTER TO THE SHAREHOLDERS OF I-BERHAD IN RELATION TO THE RIGHTS ISSUE WITH WARRANTS AND OFS (Cont'd)

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

EACH COMPLETED OAF MUST BE ACCOMPANIED BY REMITTANCE IN "RM" FOR THE FULL AMOUNT IN THE FORM OF BANKER'S DRAFT(S) OR CASHIER'S ORDER(S) OR 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 "I-BERHAD OFS ACCOUNT" AND ENDORSED ON THE REVERSE SIDE WITH THE NAME IN BLOCK LETTERS AND CDS ACCOUNT AND OWN SECURITIES ACCOUNT (IF ANY) OF THE OFS ENTITLED SHAREHOLDERS TO BE RECEIVED BY OUR SHARE REGISTRAR. THE PAYMENT MUST BE MADE IN THE EXACT AMOUNT. ANY ACCEPTANCE WITH EXCESS OR INSUFFICIENT PAYMENT MAY BE REJECTED AT THE ABSOLUTE DISCRETION OF OUR BOARD AND/OR THE SUMURWANG BOARD. CHEQUES OR ANY OTHER MODE OF PAYMENTS ARE NOT ACCEPTABLE. DETAILS OF THE REMITTANCES MUST BE FILLED IN THE APPROPRIATE BOXES PROVIDED IN THE OAF.

If acceptance and payment for your Provisional Offer of ICULS are not received by our Share Registrar by **5.00 p.m. on Tuesday 30 September 2014**, being the last time and date for acceptance and payment, or any other later time and date as our Board, the Sumurwang Board and our Principal Adviser may mutually decide and announce not later than two (2) Market Days before the stipulated time and date, such provisional offering to you and/or your renounee(s) (if applicable) shall be deemed to have been declined and shall be cancelled and such OFS ICULS not taken up will be first made available for Excess OFS ICULS application and if undersubscribed, will be retained by Sumurwang.

NO ACKNOWLEDGEMENT OF RECEIPT OF THE OAF FOR THE OFS ICULS ACCEPTED OR PAYMENT THEREOF WILL BE ISSUED BY OUR COMPANY OR OUR SHARE REGISTRAR. PROOF OF TIME OF POSTAGE SHALL NOT CONSTITUTE PROOF OF TIME OF RECEIPT BY OUR SHARE REGISTRAR. ACCEPTANCES SHALL NOT BE DEEMED TO HAVE BEEN ACCEPTED BY REASON OF REMITTANCE BEING PRESENTED FOR PAYMENT. OUR BOARD AND/OR THE SUMURWANG BOARD RESERVES THE RIGHT NOT TO ACCEPT ANY ACCEPTANCE OR TO ACCEPT ANY ACCEPTANCE IN PART ONLY WITHOUT ASSIGNING ANY REASON.

ICULS to be listed on the Main Market

In the event the ICULS are to be listed and upon acceptance of your Provisional Offer of ICULS and subject to the payment being made in accordance to this Prospectus and the notes and instructions in the OAF, your portion of the OFS ICULS shall be credited into your CDS Account upon issuance and a notice of allotment will be despatched to you by ordinary post to the address as stated in our Record of Depositors within eight (8) Market Days from the last date of acceptance and payment for the OFS ICULS or such other period as may be prescribed by Bursa Securities.

ICULS to be issued under FAST and RENTAS

In the event the ICULS are not to be listed, the ICULS shall be issued under FAST and RENTAS and shall be securities listed on SSDS. Upon your acceptance of your Provisional Offer of ICULS and subject to the payment being made in accordance to this Prospectus and the notes and instructions in the OAF, your portion of the OFS ICULS shall be credited directly into your Own Securities Account (for SSDS Participants) or the

LETTER TO THE SHAREHOLDERS OF I-BERHAD IN RELATION TO THE RIGHTS ISSUE WITH WARRANTS AND OFS (Cont'd)

securities account maintained with a SSDS Participant which is held by Pacific Trustees Berhad, as custodian nominated by I-Berhad to hold the ICULS (for non SSDS Participants) upon issuance. A notification will be despatched to the custodians for the non-listed ICULS by the Facility Agent three (3) business days prior to the issuance of the ICULS.

Any acceptance and payment made which has been rejected on the basis that it does not conform with the terms in this Prospectus or the notes and instructions of the OAF, the full amount of the payment shall be refunded without interest and shall be deposited to you within fifteen (15) Market Days from the last date for acceptance and payment of the Provisional Offer of ICULS by ordinary post to the address as stated in our Record of Depositors at your own risk.

YOU SHOULD NOTE THAT ALL OAF AND REMITTANCES SO LODGED WITH OUR SHARE REGISTRAR WILL BE IRREVOCABLE AND CANNOT SUBSEQUENTLY BE WITHDRAWN.

13.4 Procedures for part acceptance

You are entitled to accept part of your entitlement to the Provisional Offer of ICULS provided that the minimum number of the OFS ICULS that can be subscribed for or accepted is five (5) OFS ICULS.

You must complete Part I(a) of the OAF by specifying the number of OFS ICULS which you are accepting and Part II of the OAF and deliver the completed and signed OAF together with the relevant payment to our Share Registrar in the same manner as set out in Section 13.3 above.

YOU ARE ADVISED TO READ AND ADHERE TO THE OAF AND THE NOTES AND INSTRUCTIONS CONTAINED IN THE OAF.

The portion of the Provisional Offer of ICULS not accepted shall be offered to any other person allowed under any laws, regulations or rules to accept the transfer of the OFS ICULS provisionally offered and the balance, if any, will be first made available for Excess OFS ICULS applications and if undersubscribed, will be retained by Sumurwang.

13.5 Procedure for sale and/or transfer of the Provisional Offer of ICULS

The Provisional Offer of ICULS are renounceable and will be traded on Bursa Securities commencing 15 September 2014 until 23 September 2014 at 5.00 p.m.. You and/or your renounee(s) (if applicable) may sell/transfer all or part of the Provisional Offer of ICULS to such person as may be allowed pursuant to the Rules of Bursa Depository.

If you wish to sell/transfer all or part of your entitlements of the OFS ICULS, you may do so immediately through your stockbroker for the period up to the last time and date for sale and transfer of the OFS ICULS (in accordance with the Rules of Bursa Depository), without first having to request for a split of the Provisional Offer of ICULS credited to your CDS Account.

In selling/transferring all or part of your Provisional Offer of ICULS, you and/or your renounee(s) (if applicable) need not deliver any document (including the OAF) to your stockbroker. However, you and/or your renounee(s) must to ensure that there is sufficient Provisional Offer of ICULS in your CDS Account for settlement of the sale/transfer.

LETTER TO THE SHAREHOLDERS OF I-BERHAD IN RELATION TO THE RIGHTS ISSUE WITH WARRANTS AND OFS (Cont'd)

Renouncee(s) and/or transferee(s) of the Provisional Offer of ICULS may obtain a copy of this Prospectus and the OAF from their stockbrokers or from our Share Registrar or at our Registered Office. This Prospectus and the OAF are also available in Bursa Securities website at (<http://www.bursamalaysia.com>).

If you and/or your renouncee(s) (if applicable) have sold/transferred only part of your entitlement of the OFS ICULS, you may still accept the balance of your entitlements to the OFS ICULS by completing Parts I(a) and II of the OAF and deliver the completed OAF together with the full amount payable on the balance of your entitlement to our Share Registrar in accordance with the instructions in Section 13.3 above.

13.6 Procedures for Excess OFS ICULS application

If you wish to apply for additional OFS ICULS in excess of your entitlement, you may do so by completing Part I(b) of the OAF (in addition to Parts I(a) and II) and forward it with a separate remittance for the full amount payable on the Excess OFS ICULS applied for, to our Share Registrar not later than **5.00 p.m. on Tuesday 30 September 2014**, being the last time and date for acceptance and payment, or such later time and date as our Board, the Sumurwang Board and the Principal Adviser may mutually decide and announce not later than two (2) Market Days before the stipulated time and date.

PAYMENT FOR THE EXCESS OFS ICULS APPLIED FOR SHOULD BE MADE IN THE SAME MANNER DESCRIBED IN SECTION 13.3 ABOVE EXCEPT THAT THE BANKER'S DRAFT(S) OR CASHIER'S ORDER(S) OR MONEY ORDER(S) OR POSTAL ORDER(S) DRAWN ON A BANK OR POST OFFICE IN MALAYSIA SHALL BE CROSSED "A/C PAYEE ONLY" AND MADE PAYABLE TO "I-BERHAD EXCESS OFS ACCOUNT", AND ENDORSED ON THE REVERSE SIDE WITH YOUR NAME IN BLOCK LETTERS AND CDS ACCOUNT NUMBER AND OWN SECURITIES ACCOUNT (IF ANY). APPLICATIONS ACCOMPANIED BY PAYMENTS OTHER THAN IN THE MANNER STATED ABOVE OR WITH EXCESS OR INSUFFICIENT REMITTANCES MAY BE REJECTED AT THE ABSOLUTE DISCRETION OF OUR BOARD AND/OR THE SUMURWANG BOARD. CHEQUES OR ANY OTHER MODE OF PAYMENTS ARE NOT ACCEPTABLE. DETAILS OF THE REMITTANCES MUST BE FILLED IN THE APPROPRIATE BOXES PROVIDED IN THE OAF.

It is the intention of our Board and/or the Sumurwang Board to allocate the Excess OFS ICULS on a fair and equitable basis and in the following priority:-

- (i) firstly, to minimise the incidents of odd lots;
- (ii) secondly, for allocation to the OFS Entitled Shareholder(s) who have applied for Excess OFS ICULS on a pro-rata basis and in board lots, calculated based on their respective shareholdings as at the Entitlement Date;
- (iii) thirdly, for allocation to the OFS Entitled Shareholder(s) who have applied for the Excess OFS ICULS on a pro-rata basis and in board lots, calculated based on the quantum of their respective Excess OFS ICULS applied for; and
- (iv) fourthly, for allocation to renouncee(s) and/or transferee(s) who have applied for the Excess OFS ICULS on a pro-rata basis and in board lots, calculated based on the quantum of their respective Excess OFS ICULS applied for.

Nevertheless, our Board and/or the Sumurwang Board reserves the right to allot any Excess OFS ICULS applied for under Part I(b) the OAF in such manner as they deem fit and expedient and in the best interest of our Company subject always to such allocation

LETTER TO THE SHAREHOLDERS OF I-BERHAD IN RELATION TO THE RIGHTS ISSUE WITH WARRANTS AND OFS (Cont'd)

being made on a fair and equitable basis, and that the intentions of our Board and/or the Sumurwang Board as set out above is achieved. Our Board and/or the Sumurwang Board reserves the right to accept the Excess OFS ICULS application in full or in part, without assigning any reason thereof.

In the event there are still unsubscribed OFS ICULS after allocating all the Excess OFS ICULS applied for, the remaining unsubscribed OFS ICULS will be retained by Sumurwang.

NO ACKNOWLEDGEMENT OF RECEIPT FOR THE EXCESS OFS ICULS APPLIED OR PAYMENT THEREOF WILL BE ISSUED BY OUR COMPANY OR OUR SHARE REGISTRAR. PROOF OF TIME OF POSTAGE SHALL NOT CONSTITUTE PROOF OF TIME OF RECEIPT BY OUR SHARE REGISTRAR.

In respect of unsuccessful or partially successful Excess OFS ICULS applications, the full amount or the surplus application monies, as the case may be, will be refunded without interest and shall be despatched to you within fifteen (15) Market Days from the last date for application and payment for the Excess OFS ICULS by ordinary post to the address as shown in our Record of Depositors at your own risk.

ICULS to be listed on the Main Market

In the event the ICULS are to be listed and if your application for Excess OFS ICULS is successful, your portion of the OFS ICULS shall be credited into your CDS Account upon issuance and a notice of allotment will be despatched to you by the Share Registrar by ordinary post to the address as shown in our Record of Depositors at your own risk within eight (8) Market Days from the last day for application and payment for the Excess OFS ICULS or such other period as may be prescribed by Bursa Securities.

ICULS to be issued under FAST and RENTAS

In the event the ICULS are not to be listed and if your application for the Excess OFS ICULS is successful, your portion of the ICULS shall be credited directly into your Own Securities Account (for SSDS Participants) or the securities account of Pacific Trustees Berhad maintained with a SSDS Participant (for non SSDS Participants) upon issuance. A notification will be despatched by the Facility Agent to the custodian of the non-listed ICULS three (3) business days prior to the issuance of the ICULS.

ACCEPTANCES SHALL NOT BE DEEMED TO HAVE BEEN ACCEPTED BY REASON OF REMITTANCE BEING PRESENTED FOR PAYMENT. OUR BOARD AND/OR THE SUMURWANG BOARD RESERVES THE RIGHT NOT TO ACCEPT ANY ACCEPTANCE OR TO ACCEPT ANY ACCEPTANCE IN PART ONLY WITHOUT ASSIGNING ANY REASON.

YOU SHOULD NOTE THAT ALL OAF AND REMITTANCES SO LODGED WITH OUR SHARE REGISTRAR WILL BE IRREVOCABLE AND CANNOT SUBSEQUENTLY BE WITHDRAWN.

13.7 Procedures for acceptance by renounee(s)/transferee(s)

A renounee or transferee who wishes to accept the Provisional Offer of ICULS, must obtain a copy of the OAF from his stockbroker, Bursa Securities' website (<http://www.bursamalaysia.com>), our Share Registrar or at our registered office, complete the OAF in accordance with the notes and instructions therein and submit the same together with the appropriate remittance.

LETTER TO THE SHAREHOLDERS OF I-BERHAD IN RELATION TO THE RIGHTS ISSUE WITH WARRANTS AND OFS (Cont'd)

The procedure for acceptance, selling or transferring of the Provisional Offer of ICULS, applying for Excess OFS ICULS and/or payment is the same as that which is applicable to the OFS Entitled Shareholders described in Sections 13.3 to 13.6 of this Prospectus.

If you wish to obtain a copy of this Prospectus and/or accompanying OAF, you can also request for the same from your stockbroker, our Share Registrar, or Bursa Securities' website at (<http://www.bursamalaysia.com>).

THE RENOUNCEE(S) AND/OR TRANSFEREE(S) ARE ADVISED TO READ, UNDERSTAND AND CONSIDER CAREFULLY THE CONTENTS OF THIS PROSPECTUS AND ADHERE TO THE NOTES AND INSTRUCTIONS CONTAINED IN THIS PROSPECTUS AND OAF CAREFULLY.

THE LAST TIME AND DATE FOR ACCEPTANCE AND PAYMENT FOR THE OFS ICULS WILL BE AT 5.00 P.M. ON TUESDAY 30 SEPTEMBER 2014, OR SUCH OTHER LATER TIME AND DATE AS OUR BOARD, THE SUMURWANG BOARD AND OUR PRINCIPAL ADVISER MAY MUTUALLY DECIDE AND ANNOUNCE NOT LESS THAN TWO (2) MARKET DAYS BEFORE THE STIPULATED TIME AND DATE.

14. LAWS OF FOREIGN JURISDICTION AND FOREIGN SHAREHOLDERS

The Documents are not intended and will not be issued, circulated or distributed in any country or jurisdiction other than Malaysia. The Documents 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 of (or with or by any regulatory authorities) or other relevant bodies of any foreign jurisdiction. The Rights Shares with Warrants and the OFS ICULS will not be made or offered in any foreign jurisdiction and accordingly, this Prospectus together with the accompanying documents will not be sent to shareholders without an address in Malaysia.

However, such shareholders without an address in Malaysia may collect the Prospectus, together with accompanying documents from the Share Registrar. The Share Registrar shall be entitled to request for such evidence as they deem necessary to satisfy themselves as to the identity and authority of the person collecting the aforesaid documents.

The Foreign Entitled Shareholders and/or their renounee(s) and/or their transferee(s) (where 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 Shares with Warrants and OFS ICULS to the extent that it would be lawful to do so. No action has been or will be taken to ensure that the Corporate Exercises and the Documents comply with the laws of any countries or jurisdictions other than the laws of Malaysia. It shall be the sole responsibility of the Foreign Entitled Shareholders and/or their renounee(s) or transferee(s) (if applicable) who are or may be subject to the laws of any countries or jurisdictions other than the laws of Malaysia to consult their legal advisers as to whether the acceptance or renunciation of all or any part of the Rights Issue with Warrants and the acceptance or renunciation of all or any part (as the case may be) of their entitlements under the OFS, would result in the contravention of any laws of such countries or jurisdictions. Neither I-Berhad, Sumurwang, CIMB nor any other advisers to the Corporate Exercises shall accept any responsibility or liability and hereby disclaim any responsibility or liability in the event any acceptance and/or renunciation and/or transfer (as the case may be), application for excess or the subscription, offer, sale, resale, pledge or other transfer of the Rights Shares with Warrants or OFS ICULS made by any of the Foreign Entitled Shareholder and/or their renounee(s) and/or their transferee(s) (if applicable) is or shall become illegal, unenforceable, voidable or void in any countries or jurisdictions in which the Foreign Entitled Shareholder(s) and/or their renounee(s) and/or transferee(s) (if applicable) are residents.

LETTER TO THE SHAREHOLDERS OF I-BERHAD IN RELATION TO THE RIGHTS ISSUE WITH WARRANTS AND OFS (Cont'd)

By signing any forms accompanying the Documents, the Foreign Entitled Shareholders and/or their renounee(s) and/or their transferee(s) (if applicable) are deemed to have represented, acknowledged and declared in favour of (and which representations, acknowledgements and declarations will be relied upon by) CIMB; other experts; I-Berhad and its Directors and officers; and Sumurwang and its Directors and officers that:-

- (i) our Company would not, by acting on the acceptance or renunciation in connection with the Corporate Exercises be in breach of the laws of any jurisdiction to which the Foreign Entitled Shareholders and/or their renounees and/or their transferee(s) (where applicable) are or may be subject to;
- (ii) they have complied with the laws to which they are or may be subject to in connection with the acceptance or renunciation;
- (iii) they are not a nominee or agent of a person in respect of whom our Company 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 subject to;
- (iv) they are aware that the Rights Shares with Warrants and the OFS ICULS 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 received a copy of this Prospectus and have read the contents of this Prospectus;
- (vi) they have had access to such financial and other information and have been afforded the opportunity to ask 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 Warrants and/or the OFS ICULS; and
- (vii) 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 Warrants and/or the OFS ICULS, 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 Warrants and/or the OFS ICULS.

15. TERMS AND CONDITIONS

15.1 Terms and conditions of the Rights Issue with Warrants

The issuance of the Rights Shares with Warrants under the Rights Issue with Warrants is governed by the terms and conditions set out in this Prospectus, the Warrants Deed Poll and the accompanying NPA and RSF.

15.2 Terms and conditions of the OFS

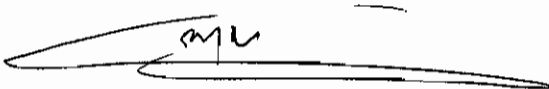
The allotment and issuance of the OFS ICULS under the OFS is governed by the terms and conditions set out in this Prospectus, the ICULS Trust Deed and the accompanying NPO and OAF.

**LETTER TO THE SHAREHOLDERS OF I-BERHAD IN RELATION TO THE RIGHTS ISSUE WITH
WARRANTS AND OFS (Cont'd)**

16. FURTHER INFORMATION

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

Yours faithfully,
For and on behalf of the Board of
I-BERHAD



PUAN SRI TEY SIEW THUAN
Executive Director

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APPENDIX I - CERTIFIED TRUE EXTRACT OF THE RESOLUTIONS PERTAINING TO THE RIGHTS ISSUE WITH WARRANTS, THE SOHO LAND ACQUISITION AND THE TOWER LAND ACQUISITION PASSED AT OUR EGM CONVENED ON 22 JULY 2014



EXTRACT OF THE RESOLUTIONS PASSED AT THE EXTRAORDINARY GENERAL MEETING OF I-BERHAD HELD AT i-GALLERY, PERSIARAN MULTIMEDIA, i-CITY, 40000 SHAH ALAM, SELANGOR DARUL EHSAN ON TUESDAY, 22 JULY 2014 AT 10.30 A.M.

SPECIAL RESOLUTION 1

PROPOSED AMENDMENT

“**THAT**, subject to the passing of any one or more of Ordinary Resolutions 2, 6, 7 or 8; and Ordinary Resolution 4 in respect of paragraphs (i) and (ii) below only, but not subject to any other resolution in respect of paragraph (iii) below, the existing clause 5 of the Memorandum of Association (“**MA**”) of the Company be amended, as applicable, in the following manner:

- (i) in the event that both the Proposed Increase in Authorised Share Capital and the Proposed Share Split are implemented:

Existing Clause	Proposed Clause
<p>Clause 5 of MA</p> <p>The authorised share capital of the Company is RM200,000,000 divided into 200,000,000 shares of RM1.00 each with power for the Company to increase, sub-divide, consolidate or reduce such capital and to divide the shares forming the capital (original increased or reduced) into several classes and to attach thereto respectively preferential, deferred, special or qualified rights, privileges or conditions as regards dividends, repayment of capital, voting or otherwise.</p>	<p>Clause 5 of MA</p> <p>The authorised share capital of the Company is RM1,000,000,000 divided into 2,000,000,000 shares of RM0.50 each with power for the Company to increase, sub-divide, consolidate or reduce such capital and to divide the shares forming the capital (original increased or reduced) into several classes and to attach thereto respectively preferential, deferred, special or qualified rights, privileges or conditions as regards dividends, repayment of capital, voting or otherwise.</p>

- (ii) in the event that the Proposed Increase in Authorised Share Capital is implemented but the Proposed Share Split is not implemented:

APPENDIX I - CERTIFIED TRUE EXTRACT OF THE RESOLUTIONS PERTAINING TO THE RIGHTS ISSUE WITH WARRANTS, THE SOHO LAND ACQUISITION AND THE TOWER LAND ACQUISITION PASSED AT OUR EGM CONVENED ON 22 JULY 2014 (Cont'd)



Existing Clause	Proposed Clause
<p>Clause 5 of MA</p> <p>The authorised share capital of the Company is RM200,000,000 divided into 200,000,000 shares of RM1.00 each with power for the Company to increase, sub-divide, consolidate or reduce such capital and to divide the shares forming the capital (original increased or reduced) into several classes and to attach thereto respectively preferential, deferred, special or qualified rights, privileges or conditions as regards dividends, repayment of capital, voting or otherwise.</p>	<p>Clause 5 of MA</p> <p>The authorised share capital of the Company is RM1,000,000,000 divided into 1,000,000,000 shares of RM1.00 each with power for the Company to increase, sub-divide, consolidate or reduce such capital and to divide the shares forming the capital (original increased or reduced) into several classes and to attach thereto respectively preferential, deferred, special or qualified rights, privileges or conditions as regards dividends, repayment of capital, voting or otherwise.</p>

- (iii) in the event that the Proposed Share Split is implemented but the Proposed Increase in Authorised Share Capital is not implemented:

Existing Clause	Proposed Clause
<p>Clause 5 of MA</p> <p>The authorised share capital of the Company is RM200,000,000 divided into 200,000,000 shares of RM1.00 each with power for the Company to increase, sub-divide, consolidate or reduce such capital and to divide the shares forming the capital (original increased or reduced) into several classes and to attach thereto respectively preferential, deferred, special or qualified rights, privileges or conditions as regards dividends, repayment of capital, voting or otherwise.</p>	<p>Clause 5 of MA</p> <p>The authorised share capital of the Company is RM200,000,000 divided into 400,000,000 shares of RM0.50 each with power for the Company to increase, sub-divide, consolidate or reduce such capital and to divide the shares forming the capital (original increased or reduced) into several classes and to attach thereto respectively preferential, deferred, special or qualified rights, privileges or conditions as regards dividends, repayment of capital, voting or otherwise.</p>

AND THAT the Board be and is hereby authorised to do all acts, deeds and things and execute all necessary documents as the Board may deem fit or expedient in order to carry out, finalise and give effect to the Proposed Amendment with full powers to assent to any conditions, modifications, variations and/or amendments as may be required or permitted by the relevant authorities and to take all steps as the Board may consider necessary in the best interest of the Company or expedient to implement, finalise and give full effect to the Proposed Amendment.”

APPENDIX I - CERTIFIED TRUE EXTRACT OF THE RESOLUTIONS PERTAINING TO THE RIGHTS ISSUE WITH WARRANTS, THE SOHO LAND ACQUISITION AND THE TOWER LAND ACQUISITION PASSED AT OUR EGM CONVENED ON 22 JULY 2014 (Cont'd)



ORDINARY RESOLUTION 2

PROPOSED RIGHTS ISSUE WITH WARRANTS

"**THAT**, subject to the passing of Ordinary Resolution 4 and Special Resolution 1, and conditional upon the approvals of all the relevant regulatory authorities for the admission of the warrants to the Official List of Bursa Securities and the listing of and quotation for all the new ordinary shares to be issued in the Company and warrants to be issued and all the new ordinary shares to be issued arising from the exercise of the warrants, on the Main Market of Bursa Securities, approval be and is hereby given to the Board to:

- (i) Provisionally (or otherwise) allot and issue by way of a renounceable rights issue of such number of new ordinary shares ("**Rights Shares**") together with up to 70,000,000 free detachable warrants ("**Warrants**"), at an issue price for the Rights Shares to be determined later, such that the gross proceeds of up to RM200,000,000 are raised, based on a rights entitlement basis and warrants entitlement basis to be determined upon the indicative terms and conditions set out in the Company's circular dated 30 June 2014, to the shareholders of the Company whose names appear in the Record of Depositors of the Company as at the close of business on the entitlement date which shall be determined by the Board and announced at a later date ("**Proposed Rights Issue with Warrants**");
- (ii) determine the rights entitlement basis and the number of Rights Shares together with the Warrants entitlement basis to the Rights Shares, pursuant to the Proposed Rights Issue with Warrants;
- (iii) determine and vary if deemed fit, necessary and/or expedient, the issue price of the Rights Shares and the exercise price of the Warrants to be issued in connection with the Proposed Rights Issue with Warrants;
- (iv) allot and issue up to 70,000,000 ordinary shares in the Company arising from the exercise of the Warrants ("**Exercised Shares**"), from time to time during the tenure of the Warrants in accordance with the provisions of a deed poll constituting the Warrants to be executed by the Company and as supplemented from time to time ("**Warrants Deed Poll**");
- (v) allot and issue such other additional Warrants, the number of ordinary shares of the Company which the holder of each Warrant is entitled to subscribe and/or adjust from time to time the exercise price of the Warrants, as a result of any adjustment under the provisions of the Warrants Deed Poll and/or as may be required by the relevant authorities, including any adjustments to be made resulting from the Proposed Share Split and the Proposed Bonus Issue; and
- (vi) constitute the Warrants upon the terms and subject to the conditions of the Warrants Deed Poll;

APPENDIX I - CERTIFIED TRUE EXTRACT OF THE RESOLUTIONS PERTAINING TO THE RIGHTS ISSUE WITH WARRANTS, THE SOHO LAND ACQUISITION AND THE TOWER LAND ACQUISITION PASSED AT OUR EGM CONVENED ON 22 JULY 2014 (Cont'd)

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THAT the Rights Shares and the Exercised Shares shall, upon allotment and issuance, rank *pari passu* in all respects with each other and with the then existing ordinary shares of the Company, save and except that the Rights Shares and the Exercised Shares shall not be entitled to any dividends, rights, allotments and/or other distributions, which may be declared, made or paid to the shareholders of the Company, the entitlement date of which precedes the date of allotment;

THAT any Rights Shares (together with the associated Warrants entitlement) which are not taken up or validly taken up shall be made available for excess applications and the Board be and is hereby authorised to allocate the excess Rights Shares (together with the associated Warrants entitlements) on a pro-rata basis to the entitled shareholders and/or their renouncee(s);

THAT in the event the Proposed Share Split is not approved or carried out for any reason whatsoever, the Board be and is hereby authorised to adjust the number of Rights Shares and Warrants to reflect the par value of the then existing ordinary shares of the Company;

THAT any fractional entitlements of the Rights Shares and Warrants arising from the Proposed Rights Issue with Warrants, if any, shall be dealt with in such manner as the Board shall in their absolute discretion deem fit and expedient, and to be in the best interest of the Company;

THAT the proceeds of the Proposed Rights Issue with Warrants be utilised for the purposes set out in Section 2.2.8 of the Circular to the shareholders of the Company dated 30 June 2014, and the Board be and are hereby authorised with full powers to vary, the manner and/or purpose of utilisation of such proceeds in such manner as the Board may deem fit and in the best interest of the Company subject (where required) to the approval of the relevant authorities;

THAT the Board be and is hereby authorised to enter into and execute the Warrants Deed Poll with full powers to assent to any conditions, modifications, variations and/or amendments in any manner as may be required by the relevant authorities or the Board may consider necessary and with full powers to implement and give effect to the terms and conditions of the Warrants Deed Poll;

THAT the Board be and is hereby authorised to enter into and execute an underwriting agreement for the underwriting of the Rights Shares (if any) and with full powers to assent to any conditions, modifications, variations and/or amendments in any manner as may be required by the relevant authorities or the Board may consider necessary and with full powers to implement and give effect to the terms and conditions of the underwriting agreement to be executed by the Company;

AND THAT the Board be and is further authorised to do all acts, deeds and things and execute all necessary documents as the Board may deem fit or expedient in order to carry out, finalise and give effect to the Proposed Rights Issue with Warrants with full powers to assent to any conditions, modifications, variations and/or amendments as may be imposed or required by the relevant authorities and to take all steps as they may consider necessary in the best interest of the Company or expedient to implement, finalise and give full effect to the Proposed Rights Issue with Warrants."

APPENDIX I - CERTIFIED TRUE EXTRACT OF THE RESOLUTIONS PERTAINING TO THE RIGHTS ISSUE WITH WARRANTS, THE SOHO LAND ACQUISITION AND THE TOWER LAND ACQUISITION PASSED AT OUR EGM CONVENED ON 22 JULY 2014 (Cont'd)



ORDINARY RESOLUTION 4

PROPOSED INCREASE IN AUTHORISED SHARE CAPITAL

“THAT, subject to the passing of any one or more of Ordinary Resolutions 2, 6, 7 or 8; and Special Resolution 1 and conditional upon the approvals of all the relevant regulatory authorities, approval be and is hereby given to the Board to increase the authorised share capital of the Company from RM200,000,000 comprising 200,000,000 ordinary shares of RM1.00 each to:

- (a) RM1,000,000,000 comprising 2,000,000,000 ordinary shares of RM0.50 each, in the event that the Proposed Share Split is implemented; or
- (b) RM1,000,000,000 comprising 1,000,000,000 ordinary shares of RM1.00 each in the event that the Proposed Share Split is not implemented;

AND THAT the Board be and is hereby authorised to do all acts, deeds and things and execute all necessary documents as the Board may deem fit or expedient in order to carry out, finalise and give effect to the Proposed Increase in Authorised Share Capital with full powers to assent to any conditions, modifications, variations and/or amendments as may be required or permitted by the relevant authorities and to take all steps as the Board may consider necessary in the best interest of the Company or expedient to implement, finalise and give full effect to the Proposed Increase in Authorised Share Capital.”

ORDINARY RESOLUTION 6

PROPOSED KIA PENG LAND ACQUISITION

“THAT, subject to the passing of Ordinary Resolution 4 and Special Resolution 1 and conditional upon the approvals of the relevant regulatory authorities for the issuance of five (5)-year 3% to 5% redeemable convertible unsecured loan stocks of RM132,000,000 at 100% of its nominal value of RM0.50 each (“**RCULS-A**”) and for the listing of and quotation for the ordinary shares in the Company arising from the full conversion of the RCULS-A on the Main Market of Bursa Securities, approval be and is hereby given to the Board:

- (a) for the acquisition by I-Marcom Sdn Bhd from Sumuracres Sdn Bhd of a piece of freehold land held under Geran 26180, Lot 242, Seksyen 63, Town and District of Kuala Lumpur, Wilayah Persekutuan Kuala Lumpur measuring approximately 1.05 acres and located along Jalan Changkat Kia Peng (“**Kia Peng Land**”) upon the terms and subject to the conditions of a sale and purchase agreement dated 24 October 2013 between Sumuracres Sdn Bhd (as the vendor), I-Marcom Sdn Bhd (as the purchaser) and I-Berhad (“**Kia Peng Land SPA**”), for a consideration of RM132,000,000 to be settled through the issuance of the RCULS-A by the Company (“**Proposed Kia Peng Land Acquisition**”);
- (b) to allot and issue 264,000,000 RCULS-A of RM132,000,000 nominal value; and

APPENDIX I - CERTIFIED TRUE EXTRACT OF THE RESOLUTIONS PERTAINING TO THE RIGHTS ISSUE WITH WARRANTS, THE SOHO LAND ACQUISITION AND THE TOWER LAND ACQUISITION PASSED AT OUR EGM CONVENED ON 22 JULY 2014 (Cont'd)

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- (c) to allot and issue such number of new ordinary shares in the Company, credited as fully paid-up to the holders of RCULS-A arising from the conversion of RCULS-A by the holders of RCULS-A from time to time during the tenure of the RCULS-A at a conversion price of RM3.20 per new ordinary share of RM1.00 each in the Company, subject to adjustments, in accordance with the provisions of a deed poll constituting the RCULS-A to be executed by the Company and as supplemented from time to time ("**RCULS-A Deed Poll**"), including any adjustments to be made resulting from the Proposed Share Split, the Proposed Rights Issue with Warrants and the Proposed Bonus Issue;

THAT the new ordinary shares in the Company to be issued pursuant to the conversion of RCULS-A shall, upon allotment and issuance, rank *pari passu* in all respects with the then existing ordinary shares in the Company, save and except that the new ordinary shares shall not be entitled to any dividends, rights, allotments and/or other distributions, which may be declared, made or paid to the shareholders of the Company, the entitlement date of which precedes the date of allotment of the new ordinary shares from time to time during the tenure of the RCULS-A;

THAT the Board be and is hereby authorised to enter into and execute the RCULS-A Deed Poll constituting the RCULS-A with full powers to assent to any conditions, modifications, variations and/or amendments in any manner as may be required by the relevant authorities or the Board may consider necessary and with full powers to implement and give effect to the terms and conditions of the RCULS-A Deed Poll;

AND THAT the Board be and is hereby authorised to do all acts, deeds and things and execute all necessary documents as the Board may deem fit or expedient in order to carry out, finalise and give effect to the Proposed Kia Peng Land Acquisition with full powers to assent to any conditions, modifications, variations and/or amendments as may be required or permitted by the relevant authorities (including making the necessary applications to the relevant authorities for any approvals and consents as may be required) and to take all steps as the Board may consider necessary in the best interest of the Company or expedient to implement, finalise and give full effect to the Proposed Kia Peng Land Acquisition."

In respect of Ordinary Resolution 6, shareholders holding 4,638,034 shares (99.89%) voted in favour while a shareholder holding 4,901 (0.11%) voted against the resolution. Based on the results of the poll, Ordinary Resolution 6 was declared carried by the Chairman.

ORDINARY RESOLUTION 7

PROPOSED SOHO LAND ACQUISITION

"**THAT**, subject to the passing of Ordinary Resolution 4 and Special Resolution 1 and conditional upon the approvals of the relevant regulatory authorities for the issuance of ICULS and RCULS-B and the listing and quotation for the ordinary shares in the Company arising from the full conversion of the ICULS and the RCULS-B on the Main Market of Bursa Securities, approval be and is hereby given to the Board:

APPENDIX I - CERTIFIED TRUE EXTRACT OF THE RESOLUTIONS PERTAINING TO THE RIGHTS ISSUE WITH WARRANTS, THE SOHO LAND ACQUISITION AND THE TOWER LAND ACQUISITION PASSED AT OUR EGM CONVENED ON 22 JULY 2014 (Cont'd)

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- (a) for the acquisition by I-City Properties Sdn Bhd from The Peak @ KLCC Sdn Bhd of a piece of freehold land held under Geran 311884 Lot 16964, Seksyen 7, Bandar Shah Alam, District of Petaling, State of Selangor Darul Ehsan measuring approximately 12.13 acres ("**SOHO Land**") upon the terms and subject to the conditions of a sale and purchase agreement dated 20 December 2013 between The Peak @ KLCC Sdn Bhd (as the vendor), Sumur Heights Sdn Bhd, Sumurwang Industries Sdn Bhd, Top Capital Sdn Bhd, Sumur Marketing Sdn Bhd and Sumurwang Development Sdn Bhd (collectively, the "**Land Proprietors**"), I-City Properties Sdn Bhd (as the purchaser) and I-Berhad (as the issuer) ("**SOHO Land SPA**"), for a consideration of RM241,300,000 to be settled through the issuance of RM196,300,000, which forms part of, up to RM301,300,000 five (5)-year 2% to 3% irredeemable convertible unsecured loan stocks at 100% of its nominal value of RM0.50 each ("**ICULS**") and the issuance of RM45,000,000, which forms part of, up to RM69,000,000 five (5)-year 3% to 5% redeemable convertible unsecured loan stocks at 100% of its nominal value of RM0.50 each ("**RCULS-B**") by the Company ("**Proposed SOHO Land Acquisition**");
 - (b) to allot and issue 392,600,000 ICULS of RM196,300,000 nominal value and 90,000,000 RCULS-B of RM45,000,000 nominal value;
 - (c) to allot and issue such number of new ordinary shares in the Company, credited as fully paid-up to the holders of the ICULS arising from the conversion of ICULS by the holders of the ICULS from time to time during the tenure of the ICULS at a conversion price of RM2.59 per new ordinary share of RM1.00 each in the Company, subject to adjustments, in accordance with the provisions of a trust deed constituting the ICULS to be executed between the Company and a duly appointed trustee and as supplemented from time to time ("**ICULS Trust Deed**"), including any adjustments to be made resulting from the Proposed Share Split, the Proposed Rights Issue with Warrants and the Proposed Bonus Issue; and
 - (d) to allot and issue such number of new ordinary shares in the Company, credited as fully paid-up to the holder of RCULS-B arising from the conversion of RCULS-B by the holders of the RCULS-B from time to time during the tenure of the RCULS-B at a conversion price of RM2.71 per new ordinary share of RM1.00 each in the Company, subject to adjustments, in accordance with the provisions of a deed poll constituting the RCULS-B to be executed by the Company and as supplemented from time to time ("**RCULS-B Deed Poll**"), including any adjustments to be made resulting from the Proposed Share Split, the Proposed Rights Issue with Warrants and the Proposed Bonus Issue;

THAT the new ordinary shares in the Company to be issued pursuant to the conversion of the ICULS and RCULS-B shall, upon allotment and issuance, rank *pari passu* in all respects with the then existing ordinary shares in the Company, save and except that the new ordinary shares shall not be entitled to any dividends, rights, allotments and/or other distributions, which may be declared, made or paid to the shareholders of the Company, the entitlement date of which precedes the date of allotment of the new ordinary shares from time to time during the tenure of the ICULS and the RCULS-B;

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THAT the Board be and is hereby authorised to enter into and execute the ICULS Trust Deed with full powers to assent to any conditions, modifications, variations and/or amendments in any manner as may be required by the relevant authorities or the Board may consider necessary and with full powers to implement and give effect to the terms and conditions of the ICULS Trust Deed;

THAT the Board be and is hereby authorised to enter into and execute the RCULS-B Deed Poll with full powers to assent to any conditions, modifications, variations and/or amendments in any manner as may be required by the relevant authorities or the Board may consider necessary and with full powers to implement and give effect to the terms and conditions of the RCULS-B Deed Poll;

AND THAT the Board be and is hereby authorised to do all acts, deeds and things and execute all necessary documents as the Board may deem fit or expedient in order to carry out, finalise and give effect to the Proposed SOHO Land Acquisition with full powers to assent to any conditions, modifications, variations and/or amendments as may be required or permitted by the relevant authorities (including making the necessary applications to the relevant authorities for any approvals and consents as may be required) and to take all steps as the Board may consider necessary in the best interest of the Company or expedient to implement, finalise and give full effect to the Proposed SOHO Land Acquisition."

In respect of Ordinary Resolution 7, shareholders holding 4,658,291 shares (100%) voted unanimously in favour of the resolution and based on the results of the poll, Ordinary Resolution 7 was declared carried by the Chairman.

ORDINARY RESOLUTION 8

PROPOSED TOWER LAND ACQUISITION

"**THAT**, subject to the passing of Ordinary Resolution 4 and Special Resolution 1 and conditional upon the approvals of the relevant regulatory authorities for the issuance of ICULS and RCULS-B and the listing and quotation for the ordinary shares in the Company arising from the full conversion of the ICULS and the RCULS-B on the Main Market of Bursa Securities, approval be and is hereby given to the Board:

- (a) for the acquisition by City Centrepoint Sdn Bhd from The Peak @ KLCC Sdn Bhd of a piece of freehold land which currently forms part of the land held under Geran 311886, Lot 16966, Seksyen 7, Bandar Shah Alam, District of Petaling, State of Selangor Darul Ehsan measuring approximately 7.45 acres ("**Tower Land**") upon the terms and subject to the conditions of a sale and purchase agreement dated 20 December 2013 between The Peak @ KLCC Sdn Bhd (as the vendor), the Land Proprietors, City Centrepoint Sdn Bhd (as the purchaser) and I-Berhad (as the issuer) ("**Tower Land SPA**"), for a consideration of RM129,000,000 to be settled through the issuance of RM105,000,000 ICULS and RM24,000,000 RCULS-B by the Company ("**Proposed Tower Land Acquisition**");
- (b) to allot and issue 210,000,000 ICULS of RM105,000,000 nominal value and 48,000,000 RCULS-B of RM24,000,000 nominal value;

APPENDIX I - CERTIFIED TRUE EXTRACT OF THE RESOLUTIONS PERTAINING TO THE RIGHTS ISSUE WITH WARRANTS, THE SOHO LAND ACQUISITION AND THE TOWER LAND ACQUISITION PASSED AT OUR EGM CONVENED ON 22 JULY 2014 (Cont'd)



- (c) to allot and issue such number of new ordinary shares in the Company, credited as fully paid-up to the holder of the ICULS arising from the conversion of the ICULS by the holder of the ICULS from time to time during the tenure of the ICULS at a conversion price of RM2.59 per new ordinary share of RM1.00 each in the Company, subject to adjustments, in accordance with the provisions of the ICULS Trust Deed, including any adjustments to be made resulting from the Proposed Share Split, the Proposed Rights Issue with Warrants and the Proposed Bonus Issue; and
- (d) to allot and issue such number of new ordinary shares in the Company, credited as fully paid-up to the holder of the RCULS-B arising from the conversion of RCULS-B by the holder of the RCULS-B from time to time during the tenure of the RCULS-B at a conversion price of RM2.71 per new ordinary share of RM1.00 each in the Company in accordance with the provisions of the RCULS-B Deed Poll, including any adjustments to be made resulting from the Proposed Share Split, the Proposed Rights Issue with Warrants and the Proposed Bonus Issue;

THAT the new ordinary shares in the Company to be issued pursuant to the conversion of the ICULS and RCULS-B shall, upon allotment and issuance, rank *pari passu* in all respects with the then existing ordinary shares in the Company, save and except that the new ordinary shares shall not be entitled to any dividends, rights, allotments and/or other distributions, which may be declared, made or paid to the shareholders of the Company, the entitlement date of which precedes the date of allotment of the new ordinary shares from time to time during the tenure of the ICULS and the RCULS-B;

THAT the Board be and is hereby authorised to enter into and execute the ICULS Trust Deed with full powers to assent to any conditions, modifications, variations and/or amendments in any manner as may be required by the relevant authorities or the Board may consider necessary and with full powers to implement and give effect to the terms and conditions of the ICULS Trust Deed;

THAT the Board be and is hereby authorised to enter into and execute the RCULS-B Deed Poll constituting the RCULS-B with full powers to assent to any conditions, modifications, variations and/or amendments in any manner as may be required by the relevant authorities or the Board may consider necessary and with full powers to implement and give effect to the terms and conditions of the RCULS-B Deed Poll;

AND THAT the Board be and is hereby authorised to do all acts, deeds and things and execute all necessary documents as the Board may deem fit or expedient in order to carry out, finalise and give effect to the Proposed Tower Land Acquisition with full powers to assent to any conditions, modifications, variations and/or amendments as may be required or permitted by the relevant authorities (including making the necessary applications to the relevant authorities for any approvals and consents as may be required) and to take all steps as the Board may consider necessary in the best interest of the Company or expedient to implement, finalise and give full effect to the Proposed Tower Land Acquisition."

APPENDIX I - CERTIFIED TRUE EXTRACT OF THE RESOLUTIONS PERTAINING TO THE RIGHTS ISSUE WITH WARRANTS, THE SOHO LAND ACQUISITION AND THE TOWER LAND ACQUISITION PASSED AT OUR EGM CONVENED ON 22 JULY 2014 (Cont'd)

i

In respect of Ordinary Resolution 8, shareholders holding 4,658,291 shares (100%) voted unanimously in favour of the resolution and based on the results of the poll, Ordinary Resolution 8 was declared carried by the Chairman.

CERTIFIED TRUE EXTRACT



.....
GOH YEANG KHENG
Director



.....
TOO YET LAN
Secretary

Dated : **02 SEP 2014**

APPENDIX II - CERTIFIED TRUE EXTRACT OF THE RESOLUTION PERTAINING TO THE OFS PASSED AT SUMURWANG'S EGM CONVENED ON 9 MAY 2014



SUMURWANG SDN BHD
(63330-T)
D-1-4, Jalan Multimedia 7/AJ
i-City, CityPark
40000 Shah Alam
Selangor Darul Ehsan
Tel: 03-5521 8800
Fax: 03-5521 8810

CERTIFIED EXTRACT OF MINUTES OF THE EXTRAORDINARY GENERAL MEETING OF THE COMPANY HELD ON 9 MAY 2014

PROPOSED RENOUNCEABLE RESTRICTED OFFER FOR SALE OF UP TO 50% OF UP TO RM301.30 MILLION FIVE (5)-YEAR 2% TO 3% IRREDEEMABLE CONVERTIBLE UNSECURED LOAN STOCKS AT 100% OF ITS NOMINAL VALUE OF RM0.50 EACH ("ICULS") TO BE ISSUED PURSUANT TO THE SOHO LAND SPA AND/OR THE TOWER LAND SPA TO THE MINORITY SHAREHOLDERS OF I-BERHAD ("PROPOSED OFFER FOR SALE")

Resolved:-

That the Company hereby accept the nomination as the Nominated Party for the Proposed Offer for Sale and that in consideration of I-Berhad's acceptance of our nomination by The Peak @ KLCC Sdn Bhd pursuant to the Nomination Letter and in consideration for the issuance of amongst others, the ICULS to us pursuant to the SOHO and Tower Land Sale and Purchase Agreements ("SPAs"), the Company hereby irrevocably and unconditionally undertake that we will within a period of 6 months from the date of the completion of the SOHO and Tower Land SPAs in accordance with its terms, make an offer for sale of up to 50% of the ICULS issued to us pursuant to the SOHO and Tower Land SPAs or up to RM150,650,000 nominal value of the ICULS to I-Berhad's minority shareholders and excluding The Peak @ KLCC Sdn Bhd, the Company and related parties and persons connected to The Peak @ KLCC Sdn Bhd and the Company such as Sumur Ventures Sdn Bhd, Sumurwang Capital Sdn Bhd, Tan Sri Lim Kim Hong, Puan Sri Tey Siew Thuan, Tay Siew Lian and Tang Soke Cheng.

Further resolved that this undertaking shall lapse and be of no further effect in the event that the Abridged Prospectus/Prospectus for the Proposed Offer for Sale cannot be or is not registered for any reason whatsoever with the Securities Commission Malaysia or the Proposed Offer for Sale cannot be implemented for any reason whatsoever (otherwise than by reason of our breach of the undertaking).

It is further resolved that the Director, Y. Bhg. Puan Sri Tey Siew Thuan be authorised to sign the Letter of Undertaking and all other relevant documents pertaining to the Proposed Offer for Sale of the ICULS and that the Common Seal of the Company be affixed to all relevant documents pertaining to the Proposed Offer for Sale, where necessary.

CERTIFIED TRUE COPY

PUAN SRI TEY SIEW THUAN
Director

TOO YET LAN
Company Secretary

Dated : 9 May 2014

APPENDIX III – INFORMATION ON OUR COMPANY (Cont'd)**1. HISTORY AND BUSINESS**

Our Company was incorporated in Malaysia under the Act on 2 February 1967 as a private limited company under the name of Sanyo Industries (Malaysia) Sendirian Berhad. On 27 May 1968, our Company was converted into a public company under the name of Sanyo Industries (Malaysia) Berhad. Subsequently on 29 September 1969 our Company was listed on the Main Board of Kuala Lumpur Stock Exchange (now known as the Main Market). On 4 September 1997, our Company changed its name to Neico Industries (M) Berhad. Our Company changed its name to its present name, I-Berhad, on 12 August 1999.

2. PRINCIPAL ACTIVITIES

Our Company is principally involved in investment holding. The principal activities of our Group are set out in Section 6 of this Appendix.

3. SHARE CAPITAL

The authorised, issued and paid-up share capital of our Company as at the LPD are as follows:

	<u>No. of Shares</u>	<u>Par value RM</u>	<u>Amount RM</u>
Authorised	2,000,000,000	0.50	1,000,000,000
Issued and paid-up	228,972,712	0.50	114,486,356

Save for the ICULS (the principal terms of which are set out in Section 3.5 of this Prospectus), the RCULS-A and the RCULS-B, our Company does not have any convertible securities as at the date of this Prospectus.

The details of the RCULS-A and RCULS-B are set out below:

	<u>RCULS-A</u>	<u>RCULS-B</u>																								
Issuer	I-Berhad	I-Berhad																								
Issue date	27 August 2014	27 August 2014																								
Number of RCULS	264,000,000	138,000,000																								
Nominal value	RM0.50 each	RM0.50 each																								
Coupon rate	The RCULS-A shall bear the following coupon rate based on the nominal value of the RCULS-A then outstanding:	The RCULS-B shall bear the following coupon rate based on the nominal value of the RCULS-B then outstanding:																								
	<table> <thead> <tr> <th style="text-align: center;"><u>Years from RCULS-A Issue Date</u></th> <th style="text-align: center;"><u>Coupon rate per annum</u></th> </tr> </thead> <tbody> <tr> <td style="text-align: center;">1</td> <td style="text-align: center;">Nil</td> </tr> <tr> <td style="text-align: center;">2</td> <td style="text-align: center;">3.0%</td> </tr> <tr> <td style="text-align: center;">3</td> <td style="text-align: center;">4.0%</td> </tr> <tr> <td style="text-align: center;">4</td> <td style="text-align: center;">5.0%</td> </tr> <tr> <td style="text-align: center;">5</td> <td style="text-align: center;">5.0%</td> </tr> </tbody> </table>	<u>Years from RCULS-A Issue Date</u>	<u>Coupon rate per annum</u>	1	Nil	2	3.0%	3	4.0%	4	5.0%	5	5.0%	<table> <thead> <tr> <th style="text-align: center;"><u>Years from RCULS-B Issue Date</u></th> <th style="text-align: center;"><u>Coupon rate per annum</u></th> </tr> </thead> <tbody> <tr> <td style="text-align: center;">1</td> <td style="text-align: center;">Nil</td> </tr> <tr> <td style="text-align: center;">2</td> <td style="text-align: center;">3.0%</td> </tr> <tr> <td style="text-align: center;">3</td> <td style="text-align: center;">4.0%</td> </tr> <tr> <td style="text-align: center;">4</td> <td style="text-align: center;">5.0%</td> </tr> <tr> <td style="text-align: center;">5</td> <td style="text-align: center;">5.0%</td> </tr> </tbody> </table>	<u>Years from RCULS-B Issue Date</u>	<u>Coupon rate per annum</u>	1	Nil	2	3.0%	3	4.0%	4	5.0%	5	5.0%
<u>Years from RCULS-A Issue Date</u>	<u>Coupon rate per annum</u>																									
1	Nil																									
2	3.0%																									
3	4.0%																									
4	5.0%																									
5	5.0%																									
<u>Years from RCULS-B Issue Date</u>	<u>Coupon rate per annum</u>																									
1	Nil																									
2	3.0%																									
3	4.0%																									
4	5.0%																									
5	5.0%																									
Tenure	Five (5) years from and inclusive of the date of issue of the RCULS-A and the RCULS-A shall mature on the fifth (5 th) anniversary of the RCULS-A Issue Date ("RCULS-A Maturity Date").	Five (5) years from and inclusive of the date of issue of the RCULS-B and the RCULS-B shall mature on the fifth (5 th) anniversary of the RCULS-B Issue Date ("RCULS-A Maturity Date").																								

APPENDIX III – INFORMATION ON OUR COMPANY (Cont'd)

Conversion rights	<p>The RCULS-A holder shall have the right to convert the RCULS-A into new Shares at the RCULS-A Conversion Price at any time during the RCULS-A Conversion Period.</p> <p>Unless previously redeemed or cancelled pursuant to the RCULS-A Deed Poll executed by the Issuer on 18 August 2014 or converted, all outstanding RCULS-A will be automatically redeemed by I-Berhad on the RCULS-A Maturity Date.</p>	<p>The RCULS-B holder shall have the right to convert the RCULS-B into new Shares at the RCULS-B Conversion Price at any time during the RCULS-B Conversion Period.</p> <p>Unless previously redeemed or cancelled pursuant to the RCULS-B Deed Poll executed by the Issuer on 18 August 2014 or converted, all outstanding RCULS-B will be automatically redeemed by I-Berhad on the RCULS-B Maturity Date.</p>
Conversion period	<p>The period commencing from and including the second (2nd) anniversary of the RCULS-A Issue Date up to and including the RCULS-A Maturity Date.</p>	<p>The period commencing from and including the second (2nd) anniversary of the RCULS-B Issue Date up to and including the RCULS-B Maturity Date.</p>
Conversion price	<p>RM0.84 for each new Share after taking in consideration the Share Split, the Rights Issue with Warrants and the Bonus Issue.</p> <p>The conversion price is subject to further adjustments under certain circumstances in accordance with the RCULS-A Deed Poll executed by the Issuer on 18 August 2014.</p>	<p>RM0.71 for each new Share after taking in consideration the Share Split, the Rights Issue with Warrants and the Bonus Issue.</p> <p>The conversion price is subject to further adjustments under certain circumstances in accordance with the RCULS-B Deed Poll executed by the Issuer on 18 August 2014.</p>

The authorised share capital of our Company was increased from RM200,000,000 comprising 200,000,000 ordinary shares of RM1.00 each to RM1,000,000,000 comprising 2,000,000,000 Shares by way of the creation of additional 800,000,000 Shares. The increase in the authorised share capital was effected on 22 July 2014

Our Company completed the implementation of the Share Split on 12 August 2014. As a result, our Company's issued share capital changed from RM114,486,356 comprising 114,486,356 ordinary shares of RM1.00 each to RM114,486,356 comprising 228,972,712 Shares. There has been no change in the paid-up share capital of our Company as a result of the Share Split.

Save as disclosed above, there had been no change in the authorised, issued and paid-up share capital of our Company for the past three (3) years preceding the LPD.

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APPENDIX III – INFORMATION ON OUR COMPANY (Cont'd)**4. SUBSTANTIAL SHAREHOLDERS' SHAREHOLDINGS**

The effects of the Rights Issue with Warrants, the OFS and the Bonus Issue on the shareholdings of our substantial shareholders in our Company as at the LPD are as follows:

Substantial Shareholders	I				II			
	As at the LPD		After the Rights Issue with Warrants ⁵		After I and the OFS ⁶		After I and the OFS ⁶	
	Direct	Indirect	Direct	Indirect	Direct	Indirect	Direct	Indirect
No. of Shares ('000)	No. of Shares ('000)	No. of Shares ('000)	No. of Shares ('000)	No. of Shares ('000)	No. of Shares ('000)	No. of Shares ('000)	No. of Shares ('000)	No. of Shares ('000)
% ¹	% ¹	% ¹	% ¹	%	%	%	%	%
Sumurwang	133,580	4,286 ²	300,557	9,643 ²	300,557	9,643 ²	300,557	9,643 ²
Sumur Ventures	31,700	137,866 ³	71,325	310,200 ³	71,325	310,200 ³	71,325	310,200 ³
Tan Sri Lim Kim Hong	915	169,566 ⁴	2,059	381,525 ⁴	2,059	381,525 ⁴	2,059	381,525 ⁴
Sumuracres	-	-	-	-	-	-	-	-
	58.34	1.87	58.34	1.87	58.34	1.87	58.34	1.87
	13.84	60.21	13.84	60.21	13.84	60.21	13.84	60.21
	0.40	74.06	0.40	74.06	0.40	74.06	0.40	74.06
	-	-	-	-	-	-	-	-
	-	-	-	-	-	-	-	-

Substantial Shareholders	III				IV				V			
	After II and the Bonus Issue ⁷		After III and assuming full exercise of Warrants ⁸		After III and assuming full exercise of Warrants ⁸		After IV and assuming full conversion of ICULS ⁹		After IV and assuming full conversion of ICULS ⁹		After IV and assuming full conversion of ICULS ⁹	
	Direct	Indirect	Direct	Indirect	Direct	Indirect	Direct	Indirect	Direct	Indirect	Direct	Indirect
No. of Shares ('000)	No. of Shares ('000)	No. of Shares ('000)	No. of Shares ('000)	No. of Shares ('000)	No. of Shares ('000)	No. of Shares ('000)	No. of Shares ('000)	No. of Shares ('000)	No. of Shares ('000)	No. of Shares ('000)	No. of Shares ('000)	No. of Shares ('000)
%	%	%	%	%	%	%	%	%	%	%	%	%
Sumurwang	360,668	11,571 ²	400,743	12,857 ²	400,743	12,857 ²	631,233	12,857 ²	631,233	12,857 ²	631,233	12,857 ²
Sumur Ventures	85,590	372,240 ³	95,100	413,600 ³	95,100	413,600 ³	95,100	413,600 ³	95,100	413,600 ³	95,100	413,600 ³
Tan Sri Lim Kim Hong	2,471	457,830 ⁴	2,745	508,700 ⁴	2,745	508,700 ⁴	2,745	508,700 ⁴	2,745	508,700 ⁴	2,745	508,700 ⁴
Sumuracres	-	-	-	-	-	-	-	-	-	-	-	-
	58.34	1.87	58.34	1.87	58.34	1.87	55.86	1.87	55.86	1.87	55.86	1.14
	13.84	60.21	13.84	60.21	13.84	60.21	8.42	60.21	8.42	60.21	8.42	64.23
	0.40	74.06	0.40	74.06	0.40	74.06	0.24	74.06	0.24	74.06	0.24	65.41
	-	-	-	-	-	-	-	-	-	-	-	-
	-	-	-	-	-	-	-	-	-	-	-	-

APPENDIX III – INFORMATION ON OUR COMPANY (Cont'd)

The effects of the Rights Issue with Warrants, the OFS and the Bonus Issue on the shareholdings of our substantial shareholders in our Company as at the LPD are as follows: (cont'd)

Substantial Shareholders	VI After V and assuming full conversion of RCULS-A ¹⁰		VII After VI and assuming full conversion of RCULS-B ¹¹		VIII After V and assuming full redemption of RCULS-A and RCULS-B ¹²							
	Direct	Indirect	Direct	Indirect	Direct	Indirect						
	No. of Shares ('000)	No. of Shares ('000)	No. of Shares ('000)	No. of Shares ('000)	No. of Shares ('000)	No. of Shares ('000)						
Sumurwang	631,233	49.04	170,000 ²	13.21	728,416	52.62	170,000 ²	12.28	631,233	55.86	12,857 ²	1.14
Sumur Ventures	95,100	7.39	801,233 ³	62.25	95,100	6.87	898,416 ³	64.90	95,100	8.42	644,090 ³	64.23
Tan Sri Lim Kim Hong	2,745	0.21	896,333 ⁴	69.64	2,745	0.20	993,516 ⁴	71.77	2,745	0.24	739,190 ⁴	65.41
Sumuracres	157,143	12.21	-	-	157,143	11.35	-	-	-	-	-	-

Substantial Shareholders	IX After VII and assuming full vesting of the LTIP awards ¹³		X After VIII and assuming full vesting of the LTIP awards ¹³					
	Direct	Indirect	Direct	Indirect				
	No. of Shares ('000)	No. of Shares ('000)	No. of Shares ('000)	No. of Shares ('000)				
Sumurwang	728,416	47.84	170,000 ²	11.16	631,233	50.78	12,857 ²	1.03
Sumur Ventures	95,100	6.25	898,416 ³	59.00	95,100	7.65	644,090 ³	51.82
Tan Sri Lim Kim Hong	2,745	0.18	993,516 ⁴	65.24	2,745	0.22	739,190 ⁴	59.47
Sumuracres	157,143	10.32	-	-	-	-	-	-

APPENDIX III – INFORMATION ON OUR COMPANY (Cont'd)

Notes:

1. Based on I-Berhad's total Shares-in-issue of 228,972,712 Shares.
2. Deemed interest through its shareholding in Sumurwang Capital and Sumuracres by virtue of Section 6A(4) of the Act.
3. Deemed interest through its shareholding in Sumurwang, Sumurwang Capital and Sumuracres by virtue of Section 6A(4) of the Act.
4. Deemed interest through his shareholding in Sumur Ventures, Sumurwang, Sumurwang Capital and Sumuracres by virtue of Section 6A(4) of the Act.
5. Pursuant to the Undertakings.
6. The Acquisitions were completed on 27 August 2014.
7. Taking into consideration the Bonus Issue on the basis of one (1) new Share for every five (5) Shares held resulting in the issuance and allotment of a total of 103.04 million new Shares.
8. Pursuant to the Rights Issue with Warrants, a total of approximately 57.24 million Warrants shall be issued to Rights Entitled Shareholders and as a result of the Bonus Issue, additional Warrants amounting to approximately 11.44 million is also assumed to be issued in accordance with the terms of the Warrants Deed Poll. As a result, a total of approximately 68.69 million Warrants are assumed to be exercised into approximately 68.69 million new Shares, including those held by the substantial shareholders of our Company.
9. For illustrative purposes only, assuming the full conversion of ICULS based on the ICULS Conversion Price of RM0.68, the full conversion of the ICULS will entail the issuance of approximately 443.09 million new Shares.
10. For illustrative purposes only, assuming no redemption from the Company and based on the RCULS-A Conversion Price of RM0.84, the full conversion of the RCULS-A will entail the issuance of approximately 157.14 million new Shares.
11. For illustrative purposes only, assuming no redemption from the Company and based on the RCULS-B Conversion Price of RM0.71, the full conversion of the RCULS-B will entail the issuance of approximately 97.18 million new Shares.
12. For illustrative purposes only, assuming full redemption of RCULS-A and RCULS-B by the Company at 100% of their nominal amount plus accrued interest up to the redemption date, there will be no effect on the shareholdings of the substantial shareholders of I-Berhad.
13. Assuming none of the substantial shareholders are granted any LTIP Awards.

APPENDIX III – INFORMATION ON OUR COMPANY (Cont'd)**5. PARTICULARS OF THE DIRECTORS****5.1 Details of our Directors as at the LPD are as follows:**

The particulars of our Directors as at the LPD are as follows:

Name of Director	Age	Profession	Designation	Nationality	Address
Tan Sri Lim Kim Hong	63	Executive Chairman	Executive Chairman	Malaysian	No. 14, Jalan 16/14, 46350 Petaling Jaya, Selangor
Dato' Eu Hong Chew	61	Deputy Chairman	Deputy Chairman/ Non-Executive Director	Malaysian	No. 33, Jalan Aminuddin Baki, Taman Tun Dr. Ismail, 60000 Kuala Lumpur, Wilayah Persekutuan
Puan Sri Tey Siew Thuan	60	Executive Director	Executive Director	Malaysian	No. 14, Jalan 16/14, 46350, Petaling Jaya, Selangor
Liang Yew Ming	47	Company Director	Independent Non-Executive Director	Malaysian	24-B5, 4 th Floor, Jalan SS6/3, Kelana Jaya, 47301, Petaling Jaya, Selangor
Ong Poh Ling	50	Company Director	Non-Executive Director	Malaysian	No. 30, Jalan Istana, 41000 Klang, Selangor
Goh Yeang Kheng	48	Company Director	Independent Non-Executive Director	Malaysian	No. 6, Jalan Margosa SD10/8, Bandar Sri Damansara, 52200 Kuala Lumpur, Wilayah Persekutuan

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APPENDIX III – INFORMATION ON OUR COMPANY (Cont'd)

5.2 Details of Directors' shareholdings

Our Directors' shareholdings as at the LPD and the proforma effects of the Rights Issues, the OFS and the Bonus Issue on their shareholdings are as set out below:

Substantial Shareholders	As at the LPD				I After the Rights Issue with Warrants ³				II After I and the OFS ⁴			
	Direct		Indirect		Direct		Indirect		Direct		Indirect	
	No. of Shares ('000)	% ¹	No. of Shares ('000)	% ¹	No. of Shares ('000)	%	No. of Shares ('000)	%	No. of Shares ('000)	%	No. of Shares ('000)	%
Tan Sri Lim Kim Hong	915	0.40	169,566 ²	74.06	2,059	0.40	381,525 ²	74.06	2,059	0.40	381,525 ²	74.06
Dato' Eu Hong Chew	-	-	-	-	-	-	-	-	-	-	-	-
Puan Sri Tey Siew Thuan	664	0.29	-	-	1,494	0.29	-	-	1,494	0.29	-	-
Liang Yew Ming	-	-	-	-	-	-	-	-	-	-	-	-
Ong Poh Ling	-	-	-	-	-	-	-	-	-	-	-	-
Goh Yeang Kheng	-	-	-	-	-	-	-	-	-	-	-	-

Substantial Shareholders	III After II and the Bonus Issue ⁵				IV After III and assuming full exercise of Warrants ⁶				V After IV and assuming full conversion of ICULS ⁷			
	Direct		Indirect		Direct		Indirect		Direct		Indirect	
	No. of Shares ('000)	%	No. of Shares ('000)	%	No. of Shares ('000)	%	No. of Shares ('000)	%	No. of Shares ('000)	%	No. of Shares ('000)	%
Tan Sri Lim Kim Hong	2,471	0.40	457,830 ²	74.06	2,745	0.40	508,700 ²	74.06	2,745	0.24	739,190 ²	65.41
Dato' Eu Hong Chew	-	-	-	-	-	-	-	-	-	-	-	-
Puan Sri Tey Siew Thuan	1,794	0.29	-	-	1,993	0.29	-	-	1,993	0.18	-	-
Liang Yew Ming	-	-	-	-	-	-	-	-	-	-	-	-
Ong Poh Ling	-	-	-	-	-	-	-	-	-	-	-	-
Goh Yeang Kheng	-	-	-	-	-	-	-	-	-	-	-	-

APPENDIX III – INFORMATION ON OUR COMPANY (Cont'd)

Our Directors' shareholdings as at the LPD and the proforma effects of the Rights Issues, the OFS and the Bonus Issue on their shareholdings are as set out below: (cont'd)

Substantial Shareholders	VI After V and assuming full conversion of RCULS-A ⁸				VII After VI and assuming full conversion of RCULS-B ⁹				VIII After V and assuming full redemption of RCULS-A and RCULS-B ¹⁰			
	Direct		Indirect		Direct		Indirect		Direct		Indirect	
	No. of Shares ('000)	%	No. of Shares ('000)	%	No. of Shares ('000)	%	No. of Shares ('000)	%	No. of Shares ('000)	%	No. of Shares ('000)	%
Tan Sri Lim Kim Hong	2,745	0.21	896,333 ²	69.64	2,745	0.20	993,516 ²	71.77	2,745	0.24	739,190 ²	65.41
Dato' Eu Hong Chew	-	-	-	-	-	-	-	-	-	-	-	-
Puan Sri Tey Siew Thuan	1,993	0.15	-	-	1,993	0.14	-	-	1,993	0.18	-	-
Liang Yew Ming	-	-	-	-	-	-	-	-	-	-	-	-
Ong Poh Ling	-	-	-	-	-	-	-	-	-	-	-	-
Goh Yeang Kheng	-	-	-	-	-	-	-	-	-	-	-	-

Substantial Shareholders	IX After VII and assuming full vesting of the LTIP awards ¹¹				X After VIII and assuming full vesting of the LTIP awards ¹¹			
	Direct		Indirect		Direct		Indirect	
	No. of Shares ('000)	%	No. of Shares ('000)	%	No. of Shares ('000)	%	No. of Shares ('000)	%
Tan Sri Lim Kim Hong	2,745	0.18	993,516 ²	65.24	2,745	0.22	739,190 ²	59.47
Dato' Eu Hong Chew	-	-	-	-	-	-	-	-
Puan Sri Tey Siew Thuan	1,993	0.13	-	-	1,993	0.16	-	-
Liang Yew Ming	-	-	-	-	-	-	-	-
Ong Poh Ling	-	-	-	-	-	-	-	-
Goh Yeang Kheng	-	-	-	-	-	-	-	-

APPENDIX III – INFORMATION ON OUR COMPANY (Cont'd)

Notes:

1. Based on I-Berhad's total Shares-in-issue of 228,972,712 Shares.
2. Deemed interest through his shareholding in Sumur Ventures, Sumurwang, Sumurwang Capital and Sumuracres by virtue of Section 6A(4) of the Act.
3. Pursuant to the Undertakings.
4. The Acquisitions were completed on 27 August 2014.
5. Taking into consideration the Bonus Issue on the basis of one (1) new Share for every five (5) Shares held resulting in the issuance and allotment of a total of 103.04 million new Shares.
6. Pursuant to the Rights Issue with Warrants, a total of approximately 57.24 million Warrants shall be issued to Rights Entitled Shareholders and as a result of the Bonus Issue, additional Warrants amounting to approximately 11.44 million is also assumed to be issued in accordance with the terms of the Warrants Deed Poll. As a result, a total of approximately 68.69 million Warrants is assumed to be exercised into approximately 68.69 million new Shares, including those held by the substantial shareholders of our Company.
7. For illustrative purposes only, assuming the full conversion of ICULS based on the ICULS Conversion Price of RM0.68, the full conversion of the ICULS will entail the issuance of approximately 443.09 million new Shares.
8. For illustrative purposes only, assuming no redemption from the Company and based on the RCULS-A Conversion Price of RM0.84, the full conversion of the RCULS-A will entail the issuance of approximately 157.14 million new Shares.
9. For illustrative purposes only, assuming no redemption from the Company and based on the RCULS-B Conversion Price of RM0.71, the full conversion of the RCULS-B will entail the issuance of approximately 97.18 million new Shares.
10. For illustrative purposes only, assuming full redemption of RCULS-A and RCULS-B by the Company at 100% of their nominal amount plus accrued interest up to the redemption date, there will be no effect on the shareholdings of the substantial shareholders of I-Berhad.
11. Assuming none of the directors are granted any LTIP Awards.

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APPENDIX III – INFORMATION ON OUR COMPANY (Cont'd)

6. SUBSIDIARIES AND ASSOCIATED COMPANIES

Company	Date / Place of incorporation	Issued and paid-up share capital RM (unless otherwise stated)	Effective equity interest %	Principal activities
<i>Subsidiaries of I-Berhad</i>				
I-City Marketing Sdn Bhd	22.05.1995/ Malaysia	1,000,000	100	Property developers, contractor for construction work, land and property owners, property and complex managers
I-City Properties Sdn Bhd	20.04.2000/ Malaysia	2,500,000	100	Property developers, contractors for construction work, land and property owners, property and complex managers
I-City (Selangor) Sdn Bhd	03.01.1983/ Malaysia	250,000	100	Management and development of i-City, Shah Alam as a MSC Malaysia Cybercentre and Technopreneur Campus
City Centrepoint Sdn Bhd	01.11.2013/ Malaysia	2.00	100	Property developers, contractor for construction work, land and property owners, property and complex managers
World Citypoint Sdn Bhd	01.11.2013/ Malaysia	2.00	100	Property developers, contractor for construction work, land and property owners, property and complex managers
I-Marcom Sdn Bhd	14.07.1999/ Malaysia	500,000	100	Investment holding and property development activities
I-R & D Sdn Bhd	20.01.1995/ Malaysia	500,000	100	Investment and property holdings
I-Silicon Sdn Bhd	05.04.2000/ Malaysia	1,000,000	100	Investment holding, property management and property investment
I-City (MM2H) Sdn Bhd	17.06.2014/ Malaysia	50,000	100	Provision of MM2H ² related services

² means Malaysia My Second Home

APPENDIX III – INFORMATION ON OUR COMPANY (Cont'd)

<u>Company</u>	<u>Date / Place of incorporation</u>	<u>Issued and paid-up share capital</u>	<u>Effective equity interest %</u>	<u>Principal activities</u>
<u>Subsidiary of I-Marcom Sdn Bhd</u>				
I-Think Sdn. Bhd	08.06.2000/ Malaysia	100,000	100	Advertising agent, advertiser and advertising contractor
<u>Subsidiaries of I-R&D Sdn Bhd</u>				
I-Office2 Sdn Bhd	26.01.1995/ Malaysia	1,350,000	80	Provision of managed network and telephony services
I-City Travel Sdn Bhd	11.03.2014/ Malaysia	200,000	100	Travel agency activities
<u>Subsidiary of I-Silicon Sdn Bhd</u>				
I-City Resorts Sdn Bhd	08.04.2000/ Malaysia	100,000	100	Promotion, marketing and management of events, leisure and other tourism related activities
I-Digital (Shanghai) Trading Co Ltd	8.12.2005/ People's Republic of China	USD250,000	100	Dormant
<u>Associated Companies</u>				
Central Plaza I-City Malls Malaysia Sdn Bhd	13.06.2013/ Malaysia	10.00	40	Investment holding
Central Plaza I-City Sdn Bhd	13.06.2013/ Malaysia	10.00	40	Property management
Central Plaza I-City Real Estate Sdn Bhd	13.06.2013/ Malaysia	10.00	40	Property developer and property owners
I-City Hotel Sdn Bhd	12.07.2012/ Malaysia	100,000	40	Hotel operator

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APPENDIX III – INFORMATION ON OUR COMPANY (Cont'd)**7. PROFIT AND DIVIDEND RECORD**

Our profit and dividend records based on the audited consolidated financial statements of our Group for the last 3 financial years from the FYE 31 December 2011 to 31 December 2013 and the unaudited consolidated interim financial statements for the 6-month FPE 30 June 2013 and 30 June 2014 are set out below:

	Audited FYE 31 December			Unaudited	Unaudited
	2011	2012	2013	FPE 30	FPE 30
	RM 000	RM 000	RM 000	June 2013	June 2014
				RM'000	RM 000
Revenue	27,229	66,656	152,148	60,948	115,563
Cost of sales	(13,089)	(32,137)	(86,645)	(36,277)	(64,899)
Gross profit	14,140	34,519	65,503	24,671	50,664
Fair value gain on investment properties	-	-	12,996	-	-
Other income	3,232	2,845	1,043	485	512
Other expenses	(15,560)	(19,162)	(26,617)	(12,087)	(17,103)
Finance costs	-	-	-	-	-
Share of profit/(loss) of an associate	-	35	58	28	(30)
Profit before tax	1,812	18,237	52,983	13,097	34,043
Tax expenses	(752)	(1,578)	(9,014)	(1,394)	(8,510)
Profit for the financial year	1,060	16,659	43,969	11,703	25,533
Other comprehensive income, net of tax:					
Foreign currency translations	69	(45)	121	68	(20)
Total comprehensive income	1,129	16,614	44,090	11,771	25,513
Earnings before interest, taxation, depreciation and amortisation	5,911	24,892	65,663	18,359	40,194
Profit attributable to:					
Equity holders of the Company	1,338	16,818	43,968	11,713	25,509
Non-controlling interests	(278)	(159)	1	(10)	24
Weighted average number of ordinary shares in issue (000):					
- basic	114,000	114,000	114,000	114,000	114,000
- diluted	-	-	-	-	-
EPS (sen):					
- basic	1.17	14.75	38.57	10.27	22.38
- diluted	-	-	-	-	-
Dividend per share (net) (sen):					
- first and final dividend	1	4	6	-	-
- share dividend	-	7 ¹	-	-	-
Profit margin:					
Gross profit margin (%)	52	52	43	40	44
Net profit margin (PATAMI) (%)	4	25	29	19	22

Note:

1. Comprise of a distribution of share dividend in the form of one (1) Treasury Share for every fourteen (14) ordinary shares of RM1.00 held, equivalent to approximately 7 sen per share and a 4 sen per share cash dividend.

APPENDIX III – INFORMATION ON OUR COMPANY (Cont'd)**8. COMMENTARY ON FINANCIAL PERFORMANCE**Unaudited 6-month FPE 30 June 2014

For the FPE 30 June 2014, our Group posted higher revenue and profit before tax of RM115.6 million and RM34.0 million respectively as compared to the revenue and profit before tax of RM60.9 million and RM13.1 million respectively, for the FPE 30 June 2013. The increase in both the revenue and profit before tax of 90% and 160% respectively was mainly contributed by our Group's property development segment.

The property development segment registered revenue and profit before tax of RM88.9 million and RM32.2 million for the FPE 30 June 2014 as compared to the revenue and profit before tax of RM35.9 million and RM7.8 million respectively, for the FPE 30 June 2013. The significant increase in both revenue and profit before tax for the property development segment were driven by higher percentage of recognition from the increase in sales of the development units as well as the physical completion of buildings/projects for i-Residence, i-SOVO, i-SOHO and i-Suites projects.

The property investment segment registered revenue and profit before tax of RM4.6 million and RM0.2 million respectively as compared to the revenue and loss before tax of RM4.4 million and RM1.8 million respectively, for the FPE 30 June 2013. The improved revenue and profitability from the property investment segment is due to higher occupancy rate and a once off waiver of service charge for 6 months by the Joint Management Body ("JMB") respectively.

The revenue and profit before tax for both the property development and property investment segment represented approximately 81% of the revenue and approximately 95% of the profit before tax registered by our Group for the FPE 30 June 2014.

The leisure segment registered revenue and profit before tax of RM21.6 million and RM3.2 million respectively as compared to the revenue and profit before tax of RM20.1 million and RM7.4 million respectively, for the FPE 30 June 2013. The higher revenue with lower profit before tax for the leisure segment was due to pre-opening costs and additional operating costs incurred for new attractions. The leisure segment contributed approximately 19% and 9% of our Group's revenue and profit before tax respectively for the financial period.

The ICT services segment registered revenue and profit before tax of RM0.5 million and RM0.04 million respectively as compared to the revenue and loss before tax of RM0.5 million and RM0.1 million respectively, for the FPE 30 June 2013. The improvement in performance for the ICT services segment was mainly due to more effective cost management through re-negotiation for better terms and rates with a major service provider.

FYE 31 December 2013

For the FYE 31 December 2013, our Group recorded revenue of RM152.1 million and profit before tax of RM53.0 million respectively as compared to the revenue and profit before tax of RM66.7 million and RM18.2 million respectively, for the FYE 31 December 2012. The increase in both the revenue and profit before tax of 128% and 191% respectively was mainly due to higher sales during the financial year from the projects launched in previous financial year in the property development segment as well as the growth in the leisure segment.

The property development segment registered revenue and profit before tax of RM94.9 million and RM30.1 million for the FYE 31 December 2013 as compared to the revenue and profit before tax of RM24.6 million and RM4.7 million respectively, for the FYE 31 December 2012. The growth in the property development segment was driven by the higher percentage of completion of the on-going projects, together with encouraging sales of i-Residence, i-SOVO and the new launch of i-SOHO during the financial year.

APPENDIX III – INFORMATION ON OUR COMPANY (Cont'd)

The property investment segment registered revenue and profit before tax of RM9.1 million and RM9.0 million for the FYE 31 December 2013 as compared to the revenue and loss before tax of RM9.0 million and RM2.8 million respectively, for the FYE 31 December 2012. The property investment segment pre-tax profits were boosted by the fair value gains on the revaluation of investment properties amounting to approximately RM13.0 million recognised at the end of financial year pursuant to Financial Reporting Standard 140 Investment Property.

The revenue and profit before tax for both the property development and property investment segment represented approximately 68% of the revenue and approximately 74% of the profit before tax registered by our Group for the FYE 31 December 2013.

The leisure segment registered revenue and profit before tax of RM46.9 million and RM14.9 million for the FYE 31 December 2013 as compared to the revenue and profit before tax of RM31.8 million and RM16.1 million respectively, for the FYE 31 December 2012. There was a slight drop of about RM1.2 million in profit before taxation for the leisure segment as compared to FYE 31 December 2012 due to higher depreciation charges from new attractions, namely the additional attractions within the theme park during the financial year and the write-off of some exhausted assets within the theme park. The leisure segment contributed 28% of our Group's pre-tax profits with a 47% growth in its revenue as compared to FYE 31 December 2012.

The ICT services segment registered revenue and loss before tax of RM1.0 million and RM0.2 million for the FYE 31 December 2013 as compared to the revenue and loss before tax of RM1.2 million and RM0.9 million respectively, for the FYE 31 December 2012. There was a decline in losses for the ICT services segment in FYE 31 December 2013 as compared to the preceding year due to lower depreciation charges and the write-back of accruals which were no longer needed after the parties mutually agreed to waive the amount payable.

FYE 31 December 2012

For the FYE 31 December 2012, our Group posted revenue of RM66.7 million and profit before tax of RM18.2 million respectively as compared to the revenue and profit before tax of RM27.2 million and RM1.8 million respectively, for the FYE 31 December 2011. The increase in both the revenue and profit before tax of 145% and 911% respectively was mainly contributed by our Group's property development segment and leisure segment as well as from an one-off gain of RM1.8 million from the divestment of the i-Home trademark.

The property development segment registered revenue and profit before tax of RM24.6 million and RM4.7 million for the FYE 31 December 2012 as compared to the zero revenue contribution and loss before tax of RM2.6 million for the FYE 31 December 2011. The revenue from the property development segment was recognised progressively on the i-Residence condominium and i-SOVO (Small Office Versatile Office) projects which were launched during the financial year.

The property investment segment registered revenue and loss before tax of RM9.0 million and RM2.8 million for the FYE 31 December 2012 as compared to the revenue and loss before tax of RM9.0 million and RM1.2 million respectively, for the FYE 31 December 2011. The property investment segment incurred losses despite a slight increase in revenue mainly due to non-renewal of some tenancies upon expiry and the slow increase in the number of new tenancies.

The leisure segment registered revenue and profit before tax of RM31.8 million and RM16.0 million for the FYE 31 December 2012 as compared to the revenue and profit before tax of RM17.0 million and RM5.9 million respectively, for the FYE 31 December 2011. For the FYE 31 December 2012, the leisure segment contributed approximately 88% to our Group's profit before tax. There were significant increase in revenue and profit before tax for the leisure segment due mainly to higher revenue generated from the upgrading of the SnoWalk attraction and the addition of new theme park attractions which were opened to the public

APPENDIX III – INFORMATION ON OUR COMPANY (Cont'd)

since the end of 2011 together with the new water theme park attraction that started operations on 15 November 2012. Furthermore, there was an increase in the number of visitors to the LED lightscape during the financial year as well.

The ICT services segment registered revenue and loss before tax of RM1.2 million and RM0.9 million for the FYE 31 December 2012 as compared to the revenue and loss before tax of RM1.3 million and RM1.5 million respectively, for the FYE 31 December 2011. There was a slight decrease in revenue for the ICT services segment due to lower occupancy rate in the Cybercentre offices. However, the ICT services segment registered lower losses for FYE 31 December 2012 as compared to preceding year mainly due to lower depreciation charge.

Our Board had on 31 January 2013, declared an interim single tier dividend of 4% in respect of the FYE 31 December 2012. This in addition to the distribution of share dividend of one (1) treasury share for every fourteen (14) existing ordinary shares of RM1.00 each held to entitled shareholders on 28 December 2012.

FYE 31 December 2011

For the FYE ended 31 December 2011, our Group recorded revenue of RM27.2 million and profit before tax of RM1.8 million respectively as compared to the revenue and profit before tax of RM9.9 million and RM3.8 million respectively, for the FYE 31 December 2010. While there was an increase in both the revenue and operating margin in 2011 as compared to 2010, the reduction in other operating income had resulted in a decrease in profit. The key revenue contributor for the FYE 31 December 2011 was from our leisure segment and followed by our property investment segment which accounted for 62% and 33% respectively of our Group's revenue.

The leisure segment registered revenue and profit before tax of RM17.0 million and RM7.3 million for the FYE 31 December 2011 as compared to the revenue and profit before tax of RM2.8 million and RM2.1 million respectively, for the FYE 31 December 2010. The growth in leisure segment was mainly due to the increase in both the number of visitors for our LED lightscape and SnowWalk attractions as well as the contribution from new theme park attractions which were open for the public since the end of 2011.

The property investment segment registered revenue and loss before tax of RM9.0 million and RM1.2 million for the FYE 31 December 2011 as compared to the revenue and profit before tax of RM4.9 million and RM1.3 million respectively, for the FYE 31 December 2010. The growth in revenue in property investment segment was mainly driven by higher occupancy rate for the Cybercentre offices, while the loss before tax for this segment was mainly due to the provision for impairment losses on the amounts owing from the tenants which necessary actions to recover the amount have been taken.

The ICT services segment registered revenue and loss before tax of RM1.3 million and RM1.5 million for the FYE 31 December 2011 as compared to the revenue and profit before tax of RM0.5 million and RM4.8 million respectively, for the FYE 31 December 2010. Our ICT services segment contributed 5% of our Group's revenue but registered a loss before tax of RM1.5 million mainly due to higher depreciation charged for FYE 31 December 2011 due to additional investment in new IT assets as compared to the previous financial year.

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APPENDIX III – INFORMATION ON OUR COMPANY (Cont'd)**9. HISTORICAL SHARE PRICES**

The following table sets out the monthly highest and lowest market prices of our Shares as transacted on the Main Market for the twelve (12) months preceding to the date of this Prospectus:

	High ¹	Low ¹
	RM	RM
2013		
10 September to 30 September	1.44	1.34
October	1.44	1.34
November	1.47	1.19
December	1.37	1.13
2014		
January	1.46	1.26
February	1.49	1.33
March	1.51	1.44
April	1.82	1.43
May	1.75	1.62
June	1.73	1.63
July	1.80	1.58
August	2.40	1.76
1 September to 9 September	2.61	2.30
Last transacted market price of the Shares on 19 December 2013, being the last trading day prior to the date of announcement of amongst others, the Rights Issue with Warrants and the OFS		1.15
Last transacted market price of the Shares as at the LPD		2.14
Last transacted market price of the Shares on 9 September 2014, being the last trading day prior to the ex-date for the Rights Issue with Warrants and OFS		2.39

Note:

1. Represents the adjusted share price of our Company after taking into account the Share Split which was completed on 12 August 2014.

(Source: Bloomberg Finance L.P.)

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APPENDIX IV – PROFORMA CONSOLIDATED STATEMENT OF FINANCIAL POSITION OF OUR GROUP AS AT 31 DECEMBER 2013 TOGETHER WITH THE REPORTING ACCOUNTANTS' LETTER



Tel: +603 2616 2888
Fax: +603 2616 3190, 2616 3191
www.bdo.my

12th Floor Menara Uni.Asia
1008 Jalan Sultan Ismail
50250 Kuala Lumpur
Malaysia

PRO FORMA CONSOLIDATED STATEMENTS OF FINANCIAL POSITION OF I-BERHAD AND ITS SUBSIDIARIES AS AT 31 DECEMBER 2013 TOGETHER WITH THE REPORTING ACCOUNTANTS' LETTER

(Prepared for inclusion in the Prospectus to the Shareholders of I-Berhad)

Date: 28 August 2014

The Board of Directors
I-Berhad
D-1-4, Jalan Multimedia 7/AJ
City Park, i-City
40000 Shah Alam
Selangor Darul Ehsan

Dear Sirs

I-BERHAD ("THE COMPANY") AND ITS SUBSIDIARIES ("THE GROUP")

Report on the Compilation of Pro Forma Consolidated Statements of Financial Position in relation to:

- (a) Renounceable rights issue of up to 286,215,890 rights shares ("Rights Shares") together with up to 57,243,178 warrants on the basis of 5 rights shares for every 4 existing shares held and 1 warrant for every 5 rights shares subscribed for by the rights entitled shareholders, at an issue price of RM0.69 per right share ("Rights Issue with Warrants"); and
- (b) Renounceable restricted offer for sale of up to 289,132,870 five (5)-year 2% to 3% Irredeemable Convertible Unsecured Loan Stocks ("ICULS") by Sumurwang Sdn. Bhd. to the entitled shareholders on the basis of 5 ICULS for every 1 existing shares held in I-Berhad, at an offer price of RM0.50 each ICULS ("OFS").

We have completed our assurance engagement to report on the compilation of the Pro Forma Consolidated Statements of Financial Position as at 31 December 2013 of the Group. The Pro Forma Consolidated Statements of Financial Position which are set out in Appendix I (which we have stamped for the purpose of identification), have been compiled by the Directors of the Company for inclusion in the Prospectus to Shareholders to be dated 12 September 2014 ("Prospectus").

Since 31 December 2013, being the last date to which the Group's financial statements are made up to, up to the date of this letter, the Company had, amongst others:

- (a) Effected a share split which was completed on 12 August 2014, involving the subdivision of every one (1) existing ordinary share of RM1.00 each in I-Berhad into two (2) ordinary shares of RM0.50 each in I-Berhad ("Share Split");
- (b) Completed on 27 August 2014 the acquisition by I-Marcom Sdn. Bhd., a wholly-owned subsidiary of the Company, of a piece of freehold land held under Geran 26180, Lot 242, Seksyen 63, Town and District of Kuala Lumpur, Wilayah Persekutuan Kuala Lumpur measuring approximately 1.05 acres and located along Jalan Changkat Kia Peng from Sumuracres Sdn. Bhd. for a consideration of RM132,000,000 to be settled by I-Berhad through the issuance of 5-year 3% to 5% Redeemable Convertible Unsecured Loan Stocks ("RCULS-A") issued by I-Berhad ("Kia Peng Land Acquisition");

APPENDIX IV – PROFORMA CONSOLIDATED STATEMENT OF FINANCIAL POSITION OF OUR GROUP AS AT 31 DECEMBER 2013 TOGETHER WITH THE REPORTING ACCOUNTANTS' LETTER (Cont'd)



- (c) Completed on 27 August 2014 the acquisition by I-City Properties Sdn. Bhd., a wholly-owned subsidiary of the Company, of a piece of freehold land held under Geran 311884, Lot No. 16964, Seksyen 7, Bandar Shah Alam, District of Petaling, State of Selangor Darul Ehsan measuring approximately 12.13 acres from The Peak @ KLCC Sdn. Bhd. for a consideration of RM241,300,000 to be settled by a combination of RM196,300,000 ICULS issued by I-Berhad and RM45,000,000 5-year 3% to 5% Redeemable Convertible Unsecured Loan Stocks ("RCULS-B") issued by I-Berhad ("SOHO Land Acquisition");
- (d) Completed on 27 August 2014 the acquisition by City Centrepoint Sdn. Bhd., a wholly-owned subsidiary of the Company, of a piece of freehold land held under H.S.(D) 298169, PT 23957, Seksyen 7, Bandar Shah Alam, District of Petaling, State of Selangor Darul Ehsan, measuring approximately 7.45 acres (formerly forming part of the land held under Geran 311886, Lot No. 16966, Seksyen 7, Bandar Shah Alam, District of Petaling, State of Selangor Darul Ehsan) from The Peak @ KLCC Sdn. Bhd. for a consideration of RM129,000,000 to be settled by a combination of RM105,000,000 ICULS issued by I-Berhad and RM24,000,000 RCULS-B issued by I-Berhad ("Tower Land Acquisition");
- (e) Obtained shareholders' approval on 22 July 2014 for the Rights Issue with Warrants;
- (f) Obtained shareholders' approval on 22 July 2014 for the bonus issue of new ordinary shares to be credited as fully paid-up on the basis of one (1) new ordinary share in the Company for every five (5) existing ordinary shares held on an entitlement date to be determined and announced at a later date ("Bonus Issue");
- (g) Effected the increase in authorised share capital of I-Berhad from RM200,000,000 comprising 200,000,000 ordinary shares of RM1.00 each to RM1,000,000,000 comprising 2,000,000,000 ordinary shares of RM0.50 each and the amendment to the Company's Memorandum of Association on 22 July 2014 to accommodate the Share Split, the Rights Issue with Warrants, the new ordinary shares to be issued pursuant to the exercise of the Warrants and conversion of the ICULS, RCULS-A and RCULS-B; and
- (h) Obtained shareholders' approval on 22 July 2014 for the establishment of a Long Term Incentive Plan of up to 10% of the Company's issued and paid-up share capital for eligible employees and eligible directors of I-Berhad and its subsidiaries ("LTIP") which is pending implementation as at the date of this letter.

(collectively referred to as the "Corporate Scheme").

The applicable criteria on the basis of which the Directors have compiled the Pro Forma Consolidated Statements of Financial Position are described in Notes 3 and 4 of Appendix I.

The Pro Forma Consolidated Statements of Financial Position have been compiled by the Directors, for illustrative purposes only, to show the effects of the Corporate Scheme and OFS on the Audited Consolidated Statements of Financial Position of the Group as at 31 December 2013 had the Corporate Scheme and OFS been effected at that date. As part of this process, information about the Group's consolidated financial position has been extracted by the Directors from the Group's Audited Consolidated Statement of Financial Position as at 31 December 2013.

The Director's Responsibility for the Pro Forma Consolidated Statements of Financial Position

It is the sole responsibility of the Directors of the Company to prepare the Pro Forma Consolidated Statements of Financial Position on the basis set out in Notes 3 and 4 of Appendix I.

APPENDIX IV – PROFORMA CONSOLIDATED STATEMENT OF FINANCIAL POSITION OF OUR GROUP AS AT 31 DECEMBER 2013 TOGETHER WITH THE REPORTING ACCOUNTANTS' LETTER (Cont'd)



Our Responsibilities

Our responsibility is to express an opinion about whether the Pro Forma Consolidated Statements of Financial Position have been properly compiled by the Directors on the basis set out in Notes 3 and 4 of Appendix I.

We conducted our engagement in accordance with International Standard on Assurance Engagements (“ISAE”) 3420 *“Assurance Engagements to Report on the Compilation of Pro Forma Financial Information Included in a Prospectus”*, issued by the Malaysian Institute of Accountants. This standard requires that we comply with ethical requirements and plan and perform procedures to obtain reasonable assurance about whether the Directors have compiled, in all material respects, the Pro Forma Consolidated Statements of Financial Position on the basis set out in Notes 3 and 4 of Appendix I.

For the purposes of this engagement, we are not responsible for updating or reissuing any report or opinion on any financial information used in compiling the Pro Forma Consolidated Statements of Financial Position, nor have we, in the course of this engagement, performed an audit or review of the financial information used in compiling the Pro Forma Consolidated Statements of Financial Position. In providing this opinion, we do not accept any responsibility for such reports or opinions beyond that owed to those to whom those report or opinion were addressed by us at the dates of their issue.

The purpose of Pro Forma Consolidated Statements of Financial Position included in the Prospectus to Shareholders of the Company is solely to illustrate the impact of a significant event or transaction on unadjusted financial information of the entity as if the event had occurred or the transaction had been undertaken at an earlier date selected for purposes of the illustration. Accordingly, we do not provide any assurance that the actual outcome of the event or transaction would have been as presented.

A reasonable assurance engagement to report on whether the Pro Forma Consolidated Statements of Financial Position have been compiled, in all material respects, on the basis of the applicable criteria involves performing procedures to assess whether the applicable criteria used by the Directors in the compilation of Pro Forma Consolidated Statements of Financial Position provide a reasonable basis for presenting the significant effects directly attributable to the events or transactions, and to obtain sufficient appropriate evidence about whether:

- The related pro forma adjustments give appropriate effect to those criteria; and
- The Pro Forma Consolidated Statements of Financial Position reflect the proper application of those adjustments to the unadjusted financial information.

The procedures selected depend on our judgement, having regard to our understanding of the nature of the Group, the event or transaction in respect of which the Pro Forma Consolidated Statements of Financial Position have been compiled, and other relevant engagement circumstances. The engagement also involved evaluating the overall presentation of the Pro Forma Consolidated Statements of Financial Position.

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

APPENDIX IV – PROFORMA CONSOLIDATED STATEMENT OF FINANCIAL POSITION OF OUR GROUP AS AT 31 DECEMBER 2013 TOGETHER WITH THE REPORTING ACCOUNTANTS' LETTER (Cont'd)



Opinion

In our opinion:

- (i) the Pro Forma Consolidated Statements of Financial Position have been properly compiled on the basis set out in Notes 3 and 4 of Appendix I, using the audited financial statements of the Group as at 31 December 2013 which are prepared in accordance with Financial Reporting Standards, and in a manner consistent with both the format of the financial statements and accounting policies adopted by the Group except for the adoption of the new accounting policy as set out in Note 3 of Appendix I; and
- (ii) the adjustments made to the information used in the preparation of the Pro Forma Consolidated Statements of Financial Position are appropriate for the purposes of preparing the Pro Forma Consolidated Statements of Financial Position.

Other Matter

This letter is issued for the sole purpose of inclusion in the Prospectus to Shareholders to be dated 12 September 2014 in connection with the Rights Issue with Warrants and the OFS and should not be reproduced, or used or relied upon or circulated, quoted or otherwise referred to for any other purposes, nor is it to be filed with or referred to in whole or in part in the Prospectus to Shareholders or any other document without our written prior consent. We accept no duty or responsibility to and deny any liability to any party in respect of any use of, or reliance upon this letter, other than the Rights Issue with Warrants and the OFS described above.

Yours faithfully,

A handwritten signature in black ink that reads 'BDO'.

BDO
AF : 0206
Chartered Accountants
Kuala Lumpur

A handwritten signature in black ink that reads 'Ng Soe Kei'.

Ng Soe Kei
2982/08/15 (J)
Chartered Accountant

APPENDIX IV – PROFORMA CONSOLIDATED STATEMENT OF FINANCIAL POSITION OF OUR GROUP AS AT 31 DECEMBER 2013 TOGETHER WITH THE REPORTING ACCOUNTANTS' LETTER (Cont'd)

*I-Berhad
(Company No. 7029-H)
Appendix I*

Pro Forma Consolidated Statements of Financial Position

PRO FORMA CONSOLIDATED STATEMENTS OF FINANCIAL POSITION OF I-BERHAD AS AT 31 DECEMBER 2013 AND THE NOTES THEREON

1. INTRODUCTION

The Pro Forma Consolidated Statements of Financial Position of the Group, for which the Directors of the Company are solely responsible, have been prepared for illustrative purposes only, in connection with the following transactions:

- (a) Renounceable rights issue of up to 286,215,890 rights shares ("Rights Shares") together with up to 57,243,178 warrants on the basis of 5 rights shares for every 4 existing shares held and 1 warrant for every 5 rights shares subscribed for by the rights entitled shareholders, at an issue price of RM0.69 per right share ("Rights Issue with Warrants"); and
- (b) Renounceable restricted offer for sale of up to 289,132,870 five (5)-year 2% to 3% Irredeemable Convertible Unsecured Loan Stocks ("ICULS") by Sumurwang Sdn. Bhd. to the entitled shareholders on the basis of 5 ICULS for every 1 existing shares held in I-Berhad, at an offer price of RM0.50 each ICULS ("OFS").

Since 31 December 2013, being the last date to which the Group's financial statements are made up to, up to the date of this letter, the Company had, amongst others:

- (a) Effected a share split which was completed on 12 August 2014, involving the subdivision of every one (1) existing ordinary share of RM1.00 each in I-Berhad into two (2) ordinary shares of RM0.50 each in I-Berhad ("Share Split");
- (b) Completed on 27 August 2014 the acquisition by I-Marcom Sdn. Bhd., a wholly-owned subsidiary of the Company, of a piece of freehold land held under Geran 26180, Lot 242, Seksyen 63, Town and District of Kuala Lumpur, Wilayah Persekutuan Kuala Lumpur measuring approximately 1.05 acres and located along Jalan Changkat Kia Peng from Sumuracres Sdn. Bhd. for a consideration of RM132,000,000 to be settled by I-Berhad through the issuance of 5-year 3% to 5% Redeemable Convertible Unsecured Loan Stocks ("RCULS-A") issued by I-Berhad ("Kia Peng Land Acquisition");
- (c) Completed on 27 August 2014 the acquisition by I-City Properties Sdn. Bhd., a wholly-owned subsidiary of the Company, of a piece of freehold land held under Geran 311884, Lot No. 16964, Seksyen 7, Bandar Shah Alam, District of Petaling, State of Selangor Darul Ehsan measuring approximately 12.13 acres from The Peak @ KLCC Sdn. Bhd. for a consideration of RM241,300,000 to be settled by a combination of RM196,300,000 ICULS issued by I-Berhad and RM45,000,000 5-year 3% to 5% Redeemable Convertible Unsecured Loan Stocks ("RCULS-B") issued by I-Berhad ("SOHO Land Acquisition");
- (d) Completed on 27 August 2014 the acquisition by City Centrepoint Sdn. Bhd., a wholly-owned subsidiary of the Company, of a piece of freehold land held under H.S.(D) 298169, PT 23957, Seksyen 7, Bandar Shah Alam, District of Petaling, State of Selangor Darul Ehsan, measuring approximately 7.45 acres (formerly forming part of the land held under Geran 311886, Lot No. 16966, Seksyen 7, Bandar Shah Alam, District of Petaling, State of Selangor Darul Ehsan) from The Peak @ KLCC Sdn. Bhd. for a consideration of RM129,000,000 to be settled by a combination of RM105,000,000 ICULS issued by I-Berhad and RM24,000,000 RCULS-B issued by I-Berhad ("Tower Land Acquisition").

APPENDIX IV – PROFORMA CONSOLIDATED STATEMENT OF FINANCIAL POSITION OF OUR GROUP AS AT 31 DECEMBER 2013 TOGETHER WITH THE REPORTING ACCOUNTANTS' LETTER (Cont'd)

*I-Berhad
(Company No. 7029-H)
Appendix I*

Pro Forma Consolidated Statements of Financial Position

PRO FORMA CONSOLIDATED STATEMENTS OF FINANCIAL POSITION OF I-BERHAD AS AT 31 DECEMBER 2013 AND THE NOTES THEREON (CONTINUED)

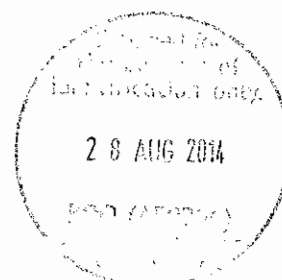
1. INTRODUCTION (CONTINUED)

Since 31 December 2013, being the last date to which the Group's financial statements are made up to, up to the date of this letter, the Company had, amongst others (continued):

- (e) Obtained shareholders' approval on 22 July 2014 for the Rights Issue with Warrants;
- (f) Obtained shareholders' approval on 22 July 2014 for the bonus issue of new ordinary shares to be credited as fully paid-up on the basis of one (1) new ordinary share in the Company for every five (5) existing ordinary shares held on an entitlement date to be determined and announced at a later date ("Bonus Issue");
- (g) Effected the increase in authorised share capital of I-Berhad from RM200,000,000 comprising 200,000,000 ordinary shares of RM1.00 each to RM1,000,000,000 comprising 2,000,000,000 ordinary shares of RM0.50 each and the amendment to the Company's Memorandum of Association on 22 July 2014 to accommodate the Share Split, the Rights Issue with Warrants, the new ordinary shares to be issued pursuant to the exercise of the Warrants and conversion of the ICULS, RCULS-A and RCULS-B; and
- (h) Obtained shareholders' approval on 22 July 2014 for the establishment of a Long Term Incentive Plan of up to 10% of the Company's issued and paid-up share capital for eligible employees and eligible directors of I-Berhad and its subsidiaries ("LTIP") which is pending implementation as at the date of this letter;

(collectively referred to as the "Corporate Scheme").

The Pro Forma Consolidated Statements of Financial Position together with the notes thereon have been prepared for illustrative purposes only, to show the effects of the Corporate Scheme and the OFS on the Audited Consolidated Statements of Financial Position of the Group as at 31 December 2013, had these transactions been effected on that date. Further, such information does not purport to predict the Group's future financial position.



**APPENDIX IV – PROFORMA CONSOLIDATED STATEMENT OF FINANCIAL POSITION OF OUR GROUP AS AT 31 DECEMBER 2013
TOGETHER WITH THE REPORTING ACCOUNTANTS' LETTER (Cont'd)**

i-Berhad
(Company No. 7029-H)
Appendix I
Pro Forma Consolidated Statements of Financial Position

PRO FORMA CONSOLIDATED STATEMENTS OF FINANCIAL POSITION OF I-BERHAD AS AT 31 DECEMBER 2013 AND THE NOTES THEREON (CONTINUED)

2. PRO FORMA CONSOLIDATED STATEMENTS OF FINANCIAL POSITION

	I		II		III		IV		
	Audited Consolidated Statements of Financial Position as at 31.12.2013 RM'000	Adjustments for events after the end of the reporting period ⁽¹⁾ RM'000	Events after the end of the reporting period RM'000	Adjustments for Rights Issue with Warrants ⁽²⁾ RM'000	After I and Rights Issue with Warrants RM'000	Adjustments for OFS ⁽²⁾ RM'000	After II and OFS RM'000	Adjustments for Bonus Issue RM'000	After III and Bonus Issue RM'000
ASSETS									
NON-CURRENT ASSETS									
Property, plant and equipment	65,020	-	65,020	-	65,020	-	65,020	-	65,020
Investment properties	73,373	-	73,373	-	73,373	-	73,373	-	73,373
Associates	3,480*	-	3,480*	-	3,480*	-	3,480*	-	3,480*
Other investments	-	6,250	6,250	-	6,250	-	6,250	-	6,250
Deferred tax assets	-	-	-	-	-	-	-	-	-
	141,873	6,250	148,123	-	148,123	-	148,123	-	148,123
CURRENT ASSETS									
Property development costs	61,673	502,300	563,973	-	563,973	-	563,973	-	563,973
Inventories	54,471	-	54,471	-	54,471	-	54,471	-	54,471
Trade and other receivables	58,989	-	58,989	-	58,989	-	58,989	-	58,989
Other investments	38	-	38	-	38	-	38	-	38
Current tax assets	834	-	834	-	834	-	834	-	834
Cash and cash equivalents	7,107	-	7,107	197,489	204,596	-	204,596	-	204,596
	183,112	502,300	685,412	197,489	882,901	-	882,901	-	882,901
TOTAL ASSETS	324,985	508,550	833,535	197,489	1,031,024	-	1,031,024	-	1,031,024
EQUITY AND LIABILITIES									
Equity attributable to owners									
of the parent									
Share capital	114,486	-	114,486	143,108	257,594	-	257,594	-	309,113
Reserves	102,784	296,056	398,840	50,381 ⁽¹⁾	449,221	-	449,221	-	397,702
Treasury shares	(509)	-	(509)	-	(509)	-	(509)	-	(509)
	216,761	296,056	512,817	193,489	706,306	-	706,306	-	706,306

* Amount less than RM1,000.

Stamped for
 the Director of
 Securities
 28 AUG 2014
 BDO (AF0706)
 Chartered Accountants
 Auditors

APPENDIX IV – PROFORMA CONSOLIDATED STATEMENT OF FINANCIAL POSITION OF OUR GROUP AS AT 31 DECEMBER 2013 TOGETHER WITH THE REPORTING ACCOUNTANTS' LETTER (Cont'd)

I-Berhad
(Company No. 7029-H)
Appendix I
Pro Forma Consolidated Statements of Financial Position

PROFORMA CONSOLIDATED STATEMENTS OF FINANCIAL POSITION OF I-BERHAD AS AT 31 DECEMBER 2012 AND THE NOTES THEREON (CONTINUED)

2. PROFORMA CONSOLIDATED STATEMENTS OF FINANCIAL POSITION (CONTINUED)

	I		II		III		IV		
	Audited Consolidated Statements of Financial Position as at 31.12.2013	Adjustments for events after the end of the reporting period ⁽¹⁾	Events after the end of the reporting period	Adjustments for Rights Issue with Warrants ⁽²⁾	After I and Rights Issue with Warrants	Adjustments for OFS ⁽²⁾	After II and OFS	Adjustments for Bonus Issue	After III and Bonus Issue
	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
Non-controlling interests	120	-	120	-	120	-	120	-	120
TOTAL EQUITY	216,881	296,056	512,937	193,489	706,426	-	706,426	-	706,426
LIABILITIES									
NON-CURRENT LIABILITIES									
Borrowings	-	207,900	207,900	-	207,900	-	207,900	-	207,900
Deferred tax liabilities	2,869	4,594	7,463	-	7,463	-	7,463	-	7,463
	2,869	212,494	215,363	-	215,363	-	215,363	-	215,363
CURRENT LIABILITIES									
Trade and other payables	104,544	-	104,544	4,000	108,544	-	108,544	-	108,544
Current tax liabilities	691	-	691	-	691	-	691	-	691
	105,235	-	105,235	4,000	109,235	-	109,235	-	109,235
TOTAL LIABILITIES	108,104	212,494	320,598	4,000	324,598	-	324,598	-	324,598
TOTAL EQUITY AND LIABILITIES	324,985	508,550	833,535	197,489	1,031,024	-	1,031,024	-	1,031,024
Number of ordinary shares ('000)	114,486	114,487	228,973	286,216	515,189	-	515,189	-	618,226
Net assets (RM'000)	216,761	-	512,817	-	706,306	-	706,306	-	706,306
Net assets per ordinary share (RM)	1.89	-	2.24	-	1.37	-	1.37	-	1.14

Checked for accuracy of figures
28 AUG 2014
990 (45000)

APPENDIX IV – PROFORMA CONSOLIDATED STATEMENT OF FINANCIAL POSITION OF OUR GROUP AS AT 31 DECEMBER 2013 TOGETHER WITH THE REPORTING ACCOUNTANTS' LETTER (Cont'd)

I-Berhad
(Company No. 7029-H)
Appendix I
Pro Forma Consolidated Statements of Financial Position

PRO FORMA CONSOLIDATED STATEMENTS OF FINANCIAL POSITION OF I-BERHAD AS AT 31 DECEMBER 2013 AND THE NOTES THEREON (CONTINUED)
2. PRO FORMA CONSOLIDATED STATEMENTS OF FINANCIAL POSITION (CONTINUED)

	V		VI		VII		VIII	
	Assuming full exercise of Warrants	After IV and assuming full exercise of Warrants	Assuming full conversion of ICULS	After V and assuming full conversion of ICULS	Assuming full conversion of RCULS	After VI and assuming full conversion of RCULS	Assuming full redemption of RCULS	After VI and assuming full redemption of RCULS
	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
ASSETS								
NON-CURRENT ASSETS								
Property, plant and equipment								
Investment properties								
Associates								
Other investments								
Deferred tax assets								
	65,020	65,020	-	65,020	-	65,020	-	65,020
	73,373	73,373	-	73,373	-	73,373	-	73,373
	3,480	3,480	-	3,480	-	3,480	-	3,480
	*	*	-	*	-	*	-	*
	6,250	6,250	(6,250)	-	-	-	-	-
	148,123	148,123	(6,250)	141,873	-	141,873	-	141,873
CURRENT ASSETS								
Property development costs								
Inventories								
Trade and other receivables								
Other investments								
Current tax assets								
Cash and cash equivalents								
	563,973	563,973	-	563,973	-	563,973	-	563,973
	54,471	54,471	-	54,471	-	54,471	-	54,471
	58,989	58,989	-	58,989	-	58,989	-	58,989
	38	38	-	38	-	38	-	38
	834	834	-	834	-	834	-	834
	204,596	301,334	(26,041)	275,293	(28,066)	247,227	(181,859)	93,434
	882,901	979,639	(26,041)	953,598	(28,066)	925,532	(181,859)	771,739
	1,031,024	1,127,762	(32,291)	1,095,471	(28,066)	1,067,405	(181,859)	913,612
EQUITY AND LIABILITIES								
Equity attributable to owners of the parent								
Share capital								
Reserves								
Treasury shares								
	309,113	343,459	221,544	565,003	127,162	692,165	4,594 ^{(a)(b)}	565,003
	397,702	460,094	(227,794) ⁽⁴⁾	232,300	31,225 ⁽⁵⁾	263,525	4,594 ^{(a)(b)}	236,894
	(509)	(509)	-	(509)	-	(509)	-	(509)
	706,306	803,044	(6,250)	796,794	158,387	955,181	4,594	801,388

* Amount less than RM1,000.

Approved for
the purpose of
identification only
4,594^{(a)(b)}
20 AUG 2014
BDO (Malaysia)
Sole Audit Firm

APPENDIX IV – PROFORMA CONSOLIDATED STATEMENT OF FINANCIAL POSITION OF OUR GROUP AS AT 31 DECEMBER 2013 TOGETHER WITH THE REPORTING ACCOUNTANTS' LETTER (Cont'd)

I-Berhad
(Company No. 7029-H)
Appendix I
Pro Forma Consolidated Statements of Financial Position

PROFORMA CONSOLIDATED STATEMENTS OF FINANCIAL POSITION OF I-BERHAD AS AT 31 DECEMBER 2013 AND THE NOTES THEREON (CONTINUED)
2. PROFORMA CONSOLIDATED STATEMENTS OF FINANCIAL POSITION (CONTINUED)

	V	VI	VII	VIII
	After III and Bonus issue	After IV and assuming full exercise of Warrants	After V and assuming full conversion of ICULS	After VI and assuming full redemption of RCULS
	RM'000	RM'000	RM'000	RM'000
Non-controlling interests	120	120	-	120
TOTAL EQUITY	706,426	803,164	158,387	801,508
LIABILITIES				
NON-CURRENT LIABILITIES				
Borrowings	207,900	207,900	(181,859)	-
Deferred tax liabilities	7,463	7,463	(4,594)	2,869
	215,363	215,363	(186,453)	2,869
CURRENT LIABILITIES				
Trade and other payables	108,544	108,544	-	108,544
Current tax liabilities	691	691	-	691
	109,235	109,235	-	109,235
TOTAL LIABILITIES	324,598	324,598	(186,453)	112,104
TOTAL EQUITY AND LIABILITIES	1,031,024	1,127,762	(28,066)	913,612
Number of ordinary shares ('000)	618,226	686,918	254,326	1,130,006
Net assets (RM'000)	706,306	803,044	-	801,388
Net assets per ordinary share (RM)	1.14	1.17	-	0.71

PROFORMA CONSOLIDATED STATEMENTS OF FINANCIAL POSITION ONLY
28 AUG 2014
BPO (AFRODA)
KUALA LUMPUR

APPENDIX IV – PROFORMA CONSOLIDATED STATEMENT OF FINANCIAL POSITION OF OUR GROUP AS AT 31 DECEMBER 2013 TOGETHER WITH THE REPORTING ACCOUNTANTS' LETTER (Cont'd)

I-Berhad
(Company No. 7029-H)
Appendix I

Pro Forma Consolidated Statements of Financial Position

PRO FORMA CONSOLIDATED STATEMENTS OF FINANCIAL POSITION OF I-BERHAD AS AT 31 DECEMBER 2013 AND THE NOTES THEREON (CONTINUED)

2. PRO FORMA CONSOLIDATED STATEMENTS OF FINANCIAL POSITION (CONTINUED)

Note:

- (1) The following events were occurred after the end of the reporting period:

On 12 August 2014, the share split was completed following the listing and quotation for 228,972,712 ordinary shares of RM0.50 each on the Main Market of Bursa Securities with effect from 9.00 a.m..

On 27 August 2014, the Company announced that the Company has completed the Kia Peng Land Acquisition, the SOHO Land Acquisition and the Tower Land Acquisition resulting in the issuance of the RCULS-A and the RCULS-B and the provisional allotment of the ICULS.

- (2) Taking into account the effects due to the Implementation of the Rights Issue with Warrants and the OFS.

- (3) In accordance with the Financial Reporting Standards Implementation Committee ("FRSIC") Consensus 13 Expenses Permitted to be Written Off Against the Share Premium Account under Section 60 of the Companies Act, 1965 ("Act"), costs attributable to the issue of shares shall be written off against the share premium account in accordance with Section 60 sub-section (3) of the Act and Financial Reporting Standard ("FRS") 132 Financial Instruments: Disclosure and Presentation if, and only if, it can be demonstrated that such costs are incremental costs that are directly attributable to the issue of shares that otherwise could be avoided. All other expenses which do not satisfy the criteria of transaction costs of an equity transaction shall be expensed off in the period they are incurred.

In such circumstances, the estimated expenses of RM4.0 million in relation to the Corporate Scheme were deducted from retained earnings by RM2.9 million and share premium account by RM1.1 million. Estimated expenses related to the OFS of approximately RM0.6 million shall be fully borne by Sumurwang Sdn. Bhd., the offeror of the OFS.

- (4) In the event that the ICULS are only converted at the end of the 5-year tenure, a total notional interest of RM5.6 million will be recognised over the ICULS' 5-year tenure, the annual notional interest of which is as set out below:

Year	Notional interest * (RM'000)		Total
	SOHO Land Acquisition	Tower Land Acquisition	
1	933	499	1,432
2	984	527	1,511
3	823	440	1,263
4	598	320	918
5	307	164	471

* In accordance with the FRS 139 Financial Instruments: Recognition and Measurement, after initial recognition, financial liabilities shall be measured at amortised cost using the effective interest method. The notional interest is calculated using the average cost of debts of the Group of 5.5% per annum over the tenure of 5 years.

In accordance with the FRS 123 Borrowing Costs, the annual notional interest shall be capitalised as property development costs. Subsequently, the annual notional interest shall be expensed off by reference to the stage of completion of development activity when the property development units are sold in accordance with FRS 201 Property Development Activities.

- (5) In the event that the RCULS (including the RCULS issued pursuant to the Kia Peng Land Acquisition) are only converted/redeemed at the end of the 5-year tenure, a total notional interest of RM53.3 million will be recognised over the RCULS' 5-year tenure, the annual notional interest of which is as set out below:

Year	Kia Peng Land Acquisition	Notional interest * (RM'000)		Total
		SOHO Land Acquisition	Tower Land Acquisition	
1	6,569	2,239	1,194	10,002
2	6,930	2,362	1,260	10,552
3	7,093	2,418	1,290	10,801
4	7,193	2,452	1,308	10,953
5	7,226	2,463	1,314	11,003

* In accordance with the FRS 139 Financial Instruments: Recognition and Measurement, after initial recognition, financial liabilities shall be measured at amortised cost using the effective interest method. The notional interest is calculated using the average cost of debts of the Group of 5.5% per annum over the tenure of 5 years.

In accordance with the FRS 123 Borrowing Costs, the annual notional interest shall be capitalised as property development costs. Subsequently, the annual notional interest shall be expensed off by reference to the stage of completion of development activity when the property development units are sold in accordance with FRS 201 Property Development Activities.

- (6) Referring to note 5 above, in the event that the RCULS are redeemed at the end of the 5-year tenure, the notional interest shall be capitalised as property development costs. Subsequently, the annual notional interest shall be expensed off by reference to the stage of completion of development activity when the property development units are sold in accordance with FRS 201 Property Development Activities.

APPENDIX IV – PROFORMA CONSOLIDATED STATEMENT OF FINANCIAL POSITION OF OUR GROUP AS AT 31 DECEMBER 2013 TOGETHER WITH THE REPORTING ACCOUNTANTS' LETTER (Cont'd)

*I-Berhad
(Company No. 7029-H)
Appendix I*

Pro Forma Consolidated Statements of Financial Position

3. BASIS OF PREPARATION

The Pro Forma Consolidated Statements of Financial Position have been prepared based on the Audited Consolidated Financial Statements of the Group as at 31 December 2013 in accordance with the Financial Reporting Standards and in a manner consistent with both the format of the financial statements and accounting policies adopted by the Group except for the adoption of the following new accounting policy:

Warrants Reserve

Proceeds from the issuance of warrants, net of issuance costs, are credited to warrants reserve which is non-distributable. Warrants reserve is transferred to the share premium account upon the exercise of the warrants. Warrants reserve in relation to unexercised warrants at the expiry of the warrants period is transferred to retained earnings.

3.1 Fair Value of Warrants

The fair value assigned to the Warrants of RM0.684 each is determined using the Black-Scholes option pricing model based on the following input computed as at 26 August 2014:

- (a) Theoretical ex-rights price : RM1.300
- (b) Warrants exercise price : RM1.690
- (c) Tenure of Warrants : 5 years from the date of issuance of Warrants
- (d) Volatility : Historically volatility extracted from Bloomberg of 68.542%
- (e) Risk free interest rate : 4.094% per annum

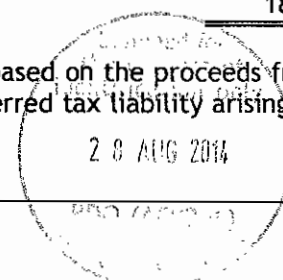
	Free detachable warrants
No. of Warrants ('000 units)	57,243
Warrants reserve (RM'000)	39,126

3.2 Valuation of RCULS-A and RCULS-B (collectively referred to as the "RCULS")

RCULS is segregated into equity and liability components. The following fair value of the liability components of the RCULS is arrived at by discounting the coupon payments over the tenure of 5 years and capital amount at the end of 5 years at a discount rate of 5.50%, the average cost of debts of the Group.

	RM'000
Liability component of the RCULS:	
- Kia Peng Land Acquisition	119,430
- SOHO Land Acquisition	40,715
- Tower Land Acquisition	21,714
	181,859

The fair value of the equity component of RCULS is determined based on the proceeds from the issuance of RCULS, net of RCULS liability component and the deferred tax liability arising on the equity component.



APPENDIX IV – PROFORMA CONSOLIDATED STATEMENT OF FINANCIAL POSITION OF OUR GROUP AS AT 31 DECEMBER 2013 TOGETHER WITH THE REPORTING ACCOUNTANTS' LETTER (Cont'd)

*I-Berhad
(Company No. 7029-H)
Appendix I*

Pro Forma Consolidated Statements of Financial Position

3. BASIS OF PREPARATION (CONTINUED)

3.2 Valuation of RCULS-A and RCULS-B (collectively referred to as the "RCULS") (continued)

Kia Peng Land Acquisition

	RM'000
Proceeds from RCULS	132,000
Less: RCULS - liability portion	<u>(119,430)</u>
RCULS - equity portion	12,570
Less: Deferred tax liability arising on the equity component #	<u>(3,017)</u>
RCULS - equity portion (net of deferred tax liability)	<u>9,553</u>

SOHO Land Acquisition

	RM'000
Proceeds from RCULS	45,000
Less: RCULS - liability portion	<u>(40,715)</u>
RCULS - equity portion	4,285
Less: Deferred tax liability arising on the equity component #	<u>(1,028)</u>
RCULS - equity portion (net of deferred tax liability)	<u>3,257</u>

Tower Land Acquisition

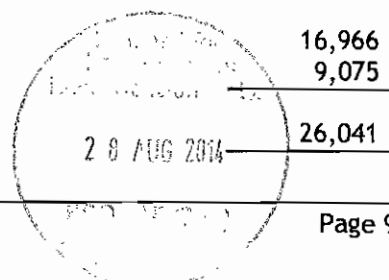
	RM'000
Proceeds from RCULS	24,000
Less: RCULS - liability portion	<u>(21,714)</u>
RCULS - equity portion	2,286
Less: Deferred tax liability arising on the equity component #	<u>(549)</u>
RCULS - equity portion (net of deferred tax liability)	<u>1,737</u>

The deferred tax liability is computed based on the statutory tax rate of 24% on the equity portion.

3.3 Valuation of ICULS

ICULS is segregated into equity and liability components. The following fair value of the liability components of the ICULS is arrived at by discounting the coupon payments over the tenure of 5 years at a discount rate of 5.50%, the average cost of debts of the Group.

	RM'000
Liability component of the ICULS:	
- SOHO Land Acquisition	16,966
- Tower Land Acquisition	<u>9,075</u>
	<u>26,041</u>



APPENDIX IV – PROFORMA CONSOLIDATED STATEMENT OF FINANCIAL POSITION OF OUR GROUP AS AT 31 DECEMBER 2013 TOGETHER WITH THE REPORTING ACCOUNTANTS' LETTER (Cont'd)

*I-Berhad
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Pro Forma Consolidated Statements of Financial Position

3. BASIS OF PREPARATION (CONTINUED)

3.3 Valuation of ICULS (continued)

The fair value of the equity component of ICULS is determined based on the proceeds from the issuance of ICULS, net of ICULS liability component and plus the deferred tax asset arising on the liability component.

SOHO Land Acquisition

	RM'000
Proceeds from ICULS	196,300
Deferred tax asset arising on the liability component *	4,072
	<u>200,372</u>
Less: ICULS - liability portion	<u>(16,966)</u>
ICULS - equity portion	<u><u>183,406</u></u>

Tower Land Acquisition

	RM'000
Proceeds from ICULS	105,000
Deferred tax asset arising on the liability component *	2,178
	<u>107,178</u>
Less: ICULS - liability portion	<u>(9,075)</u>
ICULS - equity portion	<u><u>98,103</u></u>

* The deferred tax asset is computed based on the statutory tax rate of 24% on the liability portion.

4. EFFECTS OF THE PRO FORMA CONSOLIDATED STATEMENTS OF FINANCIAL POSITION

4.1 Pro Forma I

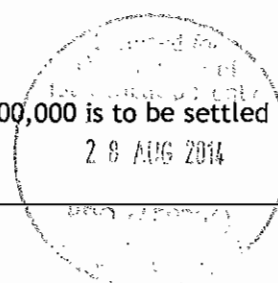
Pro Forma I incorporates the effects of the events after the end of the reporting period as follows:

4.1.1 Share Split

The Share Split entailed the subdivision of every one (1) shares held by shareholders of I-Berhad into two (2) shares.

4.1.2 Kia Peng Land Acquisition

The purchase consideration of Kia Peng Land of RM132,000,000 is to be settled by way of issuance RCULS-A with nominal value of RM132,000,000.



APPENDIX IV – PROFORMA CONSOLIDATED STATEMENT OF FINANCIAL POSITION OF OUR GROUP AS AT 31 DECEMBER 2013 TOGETHER WITH THE REPORTING ACCOUNTANTS' LETTER (Cont'd)

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Pro Forma Consolidated Statements of Financial Position

4. EFFECTS OF THE PRO FORMA CONSOLIDATED STATEMENTS OF FINANCIAL POSITION (CONTINUED)

4.1 Pro Forma I (continued)

4.1.2 Kia Peng Land Acquisition (continued)

The Kia Peng Land Acquisition has the following impact on the Pro Forma Consolidated Statements of Financial Position of the Group:

	Increase/(Decrease)	
	Effects on total assets RM'000	Effects on total equity and liabilities RM'000
Property development costs	132,000	-
Reserves		
- RCULS - equity component	-	9,553
Borrowings		
- RCULS - liability component	-	119,430
Deferred tax liabilities	-	3,017
	132,000	132,000

4.1.3 SOHO Land Acquisition

The purchase consideration of SOHO Land of RM241,300,000 is to be settled by way of issuance RCULS-B and ICULS with nominal value of RM45,000,000 and RM196,300,000 respectively.

The SOHO Land Acquisition has the following impact on the Pro Forma Consolidated Statements of Financial Position of the Group:

	Increase/(Decrease)	
	Effects on total assets RM'000	Effects on total equity and liabilities RM'000
Deferred tax assets	4,072	-
Property development costs	241,300	-
Reserves		
- RCULS - equity component	-	3,257
- ICULS - equity component	-	183,406
Borrowings		
- RCULS - liability component	-	40,715
- ICULS - liability component	-	16,966
Deferred tax liabilities	-	1,028
	245,372	245,372

APPENDIX IV – PROFORMA CONSOLIDATED STATEMENT OF FINANCIAL POSITION OF OUR GROUP AS AT 31 DECEMBER 2013 TOGETHER WITH THE REPORTING ACCOUNTANTS' LETTER (Cont'd)

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Pro Forma Consolidated Statements of Financial Position

4. EFFECTS OF THE PRO FORMA CONSOLIDATED STATEMENTS OF FINANCIAL POSITION (CONTINUED)

4.1 Pro Forma I (continued)

4.1.4 Tower Land Acquisition

The purchase consideration of Tower Land of RM129,000,000 is to be settled by way of issuance RCULS-B and ICULS with nominal value of RM24,000,000 and RM105,000,000 respectively.

The Tower Land Acquisition has the following impact on the Pro Forma Consolidated Statements of Financial Position of the Group:

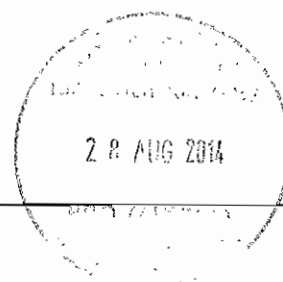
	Increase/(Decrease)	
	Effects on total assets RM'000	Effects on total equity and liabilities RM'000
Deferred tax assets	2,178	-
Property development costs	129,000	-
Reserves		
- RCULS - equity component	-	1,737
- ICULS - equity component	-	98,103
Borrowings		
- RCULS - liability component	-	21,714
- ICULS - liability component	-	9,075
Deferred tax liabilities	-	549
	131,178	131,178

4.2 Pro Forma II

Pro Forma II incorporates the cumulative effects of the Pro Forma I and the effects of the Rights Issue with Warrants.

The Rights Issue with Warrants will raise proceeds of up to RM197,488,964.

The estimated expenses of RM4,000,000 in relation to the Corporate Scheme were deducted from retained earnings by RM2,925,000 and share premium account by RM1,075,000. Estimated expenses related to the OFS of approximately RM600,000 shall be fully borne by Sumurwang Sdn. Bhd., the offeror of the OFS.



APPENDIX IV – PROFORMA CONSOLIDATED STATEMENT OF FINANCIAL POSITION OF OUR GROUP AS AT 31 DECEMBER 2013 TOGETHER WITH THE REPORTING ACCOUNTANTS' LETTER (Cont'd)

*I-Berhad
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Pro Forma Consolidated Statements of Financial Position

4. EFFECTS OF THE PRO FORMA CONSOLIDATED STATEMENTS OF FINANCIAL POSITION (CONTINUED)

4.2 Pro Forma II (continued)

The Rights Issue with Warrants has the following impact on the Pro Forma Consolidated Statements of Financial Position of the Group:

	Increase/(Decrease)	
	Effects on total assets RM'000	Effects on total equity and liabilities RM'000
Cash and cash equivalents	197,489	-
Share capital	-	143,108
Reserves		
- Warrants reserve	-	39,126
- Share premium	-	15,255
	197,489	197,489

The proceeds from the Rights Issue with Warrants are expected to be utilised in the following manner:

	RM'000
Property development expenditure and/or activities	160,000
Repayment of amount owing to Sumurwang Sdn. Bhd.	16,830
General working capital of the Group	16,659
Estimated expenses in relation to the Corporate Scheme	4,000
	197,489

4.3 Pro Forma III

Pro Forma III incorporates the cumulative effects of the Pro Forma II and the effects of the OFS.

Renounceable restricted offer for sale of up to 289,132,870 ICULS by Sumurwang Sdn. Bhd. to the entitled shareholders on the basis of five (5) ICULS for every one (1) existing shares held in I-Berhad.

4.4 Pro Forma IV

Pro Forma IV incorporates the cumulative effects of the Pro Forma III and the effects of the Bonus Issue.

The Bonus Issue involves the issuance of the new ordinary shares of RM0.50 each on the basis of one (1) new share for every five (5) ordinary shares held in I-Berhad after the Rights Issue with Warrants.

The fair value assigned to the Warrants and number of Warrants will be adjusted in accordance with the Warrants Deed Poll. The fair value assigned to the Warrants and number of Warrants will be adjusted from RM0.684 to RM0.566 and 57,243,178 Warrants to 68,691,814 Warrants respectively after the Bonus Issue.

28 AUG 2014

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Pro Forma Consolidated Statements of Financial Position

4. EFFECTS OF THE PRO FORMA CONSOLIDATED STATEMENTS OF FINANCIAL POSITION (CONTINUED)

4.4 Pro Forma IV (continued)

The Bonus Issue has the following impact on the Pro Forma Consolidated Statements of Financial Position of the Group:

	Increase/(Decrease)	
	Effects on total assets RM'000	Effects on total equity and liabilities RM'000
Share capital	-	51,519
Reserves		
- Warrants reserve	-	(260)
- Share premium	-	(51,259)
	-	-

4.5 Pro Forma V

Pro Forma V incorporates the cumulative effects of the Pro Forma IV and assumes full exercise of Warrants. The exercise price of Warrants will be adjusted in accordance with the Warrants Deed Poll. The exercise price of Warrants will be adjusted from RM1.69 to RM1.41 after the Bonus Issue.

The exercise of 68,691,814 Warrants has the following impact on the Pro Forma Consolidated Statements of Financial Position of the Group:

	Increase/(Decrease)	
	Effects on total assets RM'000	Effects on total equity and liabilities RM'000
Cash and cash equivalents	96,738	-
Share capital	-	34,346
Reserves:		
- Share premium	-	101,258
- Warrants reserve	-	(38,866)
	96,738	96,738

4.6 Pro Forma VI

Pro Forma VI incorporates the cumulative effects of the Pro Forma V and the effects of the full conversion of 602,600,000 ICULS on the 5th year at the conversion price of RM0.68.

Pursuant to the conversion of 602,600,000 ICULS, 443,088,235 new ordinary shares in I-Berhad will be issued based on the ICULS' nominal value of RM301,300,000.

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APPENDIX IV – PROFORMA CONSOLIDATED STATEMENT OF FINANCIAL POSITION OF OUR GROUP AS AT 31 DECEMBER 2013 TOGETHER WITH THE REPORTING ACCOUNTANTS' LETTER (Cont'd)

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4. EFFECTS OF THE PRO FORMA CONSOLIDATED STATEMENTS OF FINANCIAL POSITION (CONTINUED)

4.6 Pro Forma VI (continued)

The full conversion of ICULS has the following impact on the Pro Forma Consolidated Statements of Financial Position of the Group:

	Increase/(Decrease)	
	Effects on total assets RM'000	Effects on total equity and liabilities RM'000
Deferred tax assets	(6,250)	-
Cash and cash equivalents	(26,041)	-
Share capital	-	221,544
Reserves		
- Share premium	-	59,965
- ICULS - equity component	-	(281,509)
- Retained earnings	-	(6,250)
Borrowings		
- ICULS - liability component	-	(26,041)
	(32,291)	(32,291)

4.7 Pro Forma VII

Pro Forma VII incorporates the cumulative effects of the Pro Forma VI and the effects of the full conversion of RCULS on the 5th year, as follows:

	Nominal Value RM	No. of RCULS Units	Conversion Price RM
Kia Peng Land Acquisition	132,000,000	264,000,000	0.84
SOHO Land Acquisition	45,000,000	90,000,000	0.71
Tower Land Acquisition	24,000,000	48,000,000	0.71
	<u>201,000,000</u>	<u>402,000,000</u>	

Pursuant to the conversion of 402,000,000 RCULS, 254,325,956 new ordinary shares in I-Berhad will be issued.



APPENDIX IV – PROFORMA CONSOLIDATED STATEMENT OF FINANCIAL POSITION OF OUR GROUP AS AT 31 DECEMBER 2013 TOGETHER WITH THE REPORTING ACCOUNTANTS' LETTER (Cont'd)

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4. EFFECTS OF THE PRO FORMA CONSOLIDATED STATEMENTS OF FINANCIAL POSITION (CONTINUED)

4.7 Pro Forma VII (continued)

The full conversion of RCULS has the following impact on the Pro Forma Consolidated Statements of Financial Position of the Group:

	Increase/(Decrease)	
	Effects on total assets RM'000	Effects on total equity and liabilities RM'000
Cash and cash equivalents	(28,066)	-
Share capital	-	127,162
Reserves		
- Share premium	-	41,178
- RCULS - equity component	-	(14,547)
- Retained earnings	-	4,594
Borrowings		
- RCULS - liability component	-	(181,859)
Deferred tax liabilities	-	(4,594)
	(28,066)	(28,066)

4.8 Pro Forma VIII

Pro Forma VIII incorporates the cumulative effects of the Pro Forma VI and the effects of the full redemption of 402,000,000 RCULS on the 5th year.

The full redemption of RCULS has the following impact on the Pro Forma Consolidated Statements of Financial Position of the Group:

	Increase/(Decrease)	
	Effects on total assets RM'000	Effects on total equity and liabilities RM'000
Cash and cash equivalents	(181,859)	-
Reserves		
- RCULS - equity component	-	(14,547)
- Retained earnings	-	19,141
Borrowings		
- RCULS - liability component	-	(181,859)
Deferred tax liabilities	-	(4,594)
	(181,859)	(181,859)

28 AUG 2014

APPENDIX IV – PROFORMA CONSOLIDATED STATEMENT OF FINANCIAL POSITION OF OUR GROUP AS AT 31 DECEMBER 2013 TOGETHER WITH THE REPORTING ACCOUNTANTS' LETTER (Cont'd)

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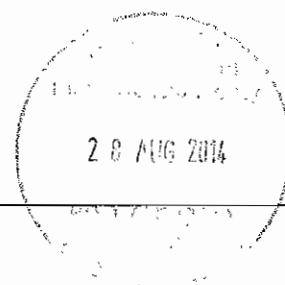
Pro Forma Consolidated Statements of Financial Position

5. INCREASE IN AUTHORISED SHARE CAPITAL AND AMENDMENT

Effected the increase in authorised share capital of I-Berhad from RM200,000,000 comprising 200,000,000 ordinary shares of RM1.00 each to RM1,000,000,000 comprising 2,000,000,000 ordinary shares of RM0.50 each and the amendment to the Company's Memorandum of Association on 22 July 2014 to accommodate the Share Split, the Rights Issue with Warrants, the new ordinary shares to be issued pursuant to the exercise of the Warrants and conversion of the ICULS, RCULS-A and RCULS-B.

6. LTIP

I-Berhad proposes to establish a group-wide talent retention and performance-based LTIP of up to 10% of the issued and paid-up share capital of the Company, excluding Treasury Shares. The LTIP is not expected to have any immediate effect on the Pro forma Consolidated Statements of Financial Position of the Group. FRS 2 *Share Based Payment* issued by Malaysian Accounting Standards Board requires the recognition of an expense arising pursuant to the LTIP which would have an effect on the future earnings of I-Berhad Group. However, the potential effect of the LTIP on the Consolidated Statements of Financial Position cannot be determined at this juncture as it would depend on various factors that affect the fair value of the I-Berhad shares awarded at the date of grant. As at the date of this pro forma, no grants have been awarded.



**APPENDIX IV – PROFORMA CONSOLIDATED STATEMENT OF FINANCIAL POSITION OF OUR GROUP AS AT 31 DECEMBER 2013
TOGETHER WITH THE REPORTING ACCOUNTANTS' LETTER (Cont'd)**

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7. SHARE CAPITAL AND RESERVES

The movements of share capital and reserves are as follows:

	Number of ordinary shares '000	Par value RM	Share capital RM'000	Treasury shares RM'000	Share premium RM'000	Revaluation reserve RM'000	Warrants reserve RM'000	Exchange translation reserve RM'000	RCULS - equity component RM'000	ICULS - equity component RM'000
Audited Consolidated Statement of Financial Position as at 31 December 2013	114,486	1.00	114,486	(509)	60,167	1,331	-	139	-	-
(I) Events after the end of the reporting period	114,487	(0.50)	-	-	-	-	-	-	14,547	281,509
Events after the end of the reporting period	228,973	0.50	114,486	(509)	60,167	1,331	-	139	14,547	281,509
(II) Rights issue with Warrants	286,216	0.50	143,108	-	14,180	-	39,126	-	-	-
After (I) and Rights issue with Warrants	515,189	0.50	257,594	(509)	74,347	1,331	39,126	139	14,547	281,509
(III) OFS	-	-	-	-	-	-	-	-	-	-
After (II) and OFS	515,189	0.50	257,594	(509)	74,347	1,331	39,126	139	14,547	281,509
(IV) Bonus issue	103,037	0.50	51,519	-	(51,259)	-	(260)	-	-	-
After (III) and Bonus issue	618,226	0.50	309,113	(509)	23,088	1,331	38,866	139	14,547	281,509
(V) Assuming full exercise of Warrants	68,692	0.50	34,346	-	101,258	-	(38,866)	-	-	-
After (IV) and assuming full exercise of Warrants	686,918	0.50	343,459	(509)	124,346	1,331	-	139	28,114	281,509

* The number of share excluding treasury shares.

**APPENDIX IV – PROFORMA CONSOLIDATED STATEMENT OF FINANCIAL POSITION OF OUR GROUP AS AT 31 DECEMBER 2013
TOGETHER WITH THE REPORTING ACCOUNTANTS' LETTER (Cont'd)**

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7. SHARE CAPITAL AND RESERVES (CONTINUED)

The movements of share capital and reserves are as follows (continued):

	Retained earnings RM'000	Total attributable to owners of the parent RM'000	Non-controlling interests RM'000	Total equity RM'000
Audited Consolidated Statement of Financial Position as at 31 December 2013	41,147	216,761	120	216,881
(i) Events after the end of the reporting period	-	296,056	-	296,056
Events after the end of the reporting period	41,147	512,817	120	512,937
(ii) Rights issue with Warrants	(2,925)	193,489	-	193,489
After (i) and Rights issue with Warrants	38,222	706,306	120	706,426
(iii) OFS	-	-	-	-
After (ii) and OFS	38,222	706,306	120	706,426
(iv) Bonus issue	-	-	-	-
After (iii) and Bonus issue	38,222	706,306	120	706,426
(v) Assuming full exercise of Warrants	-	96,738	-	96,738
After (iv) and assuming full exercise of Warrants	38,222	803,044	120	803,164

Approved for
issuance on behalf of
the Board of Directors
28 AUG 2014
280 (28/08/2014)
K. S. L. S. S. S.

**APPENDIX IV – PROFORMA CONSOLIDATED STATEMENT OF FINANCIAL POSITION OF OUR GROUP AS AT 31 DECEMBER 2013
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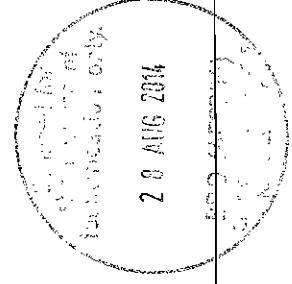
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7. SHARE CAPITAL AND RESERVES (CONTINUED)

The movements of share capital and reserves are as follows (continued):

	Number of ordinary shares * '000	Par value RM	Share capital RM'000	Treasury shares RM'000	Share premium RM'000	Revaluation reserve RM'000	Warrants reserve RM'000	Exchange translation reserve RM'000	RCULS - equity component RM'000	ICULS - equity component RM'000
After (IV) and assuming full exercise of Warrants	686,918	0.50	343,459	(509)	124,346	1,331	-	139	14,547	281,509
(VI) Assuming full conversion of ICULS	443,088	0.50	221,544	-	59,965	-	-	-	-	(281,509)
After (V) and assuming full conversion of ICULS	1,130,006	0.50	565,003	(509)	184,311	1,331	-	139	14,547	-
(VII) Assuming full conversion of RCULS	254,326	0.50	127,162	-	41,178	-	-	-	(14,547)	-
After (VI) and assuming full conversion of RCULS	1,384,332	0.50	692,165	(509)	225,489	1,331	-	139	-	-
(VIII) Assuming full redemption of RCULS	-	-	-	-	-	-	-	-	(14,547)	-
After (VI) and assuming full redemption of RCULS	1,130,006	0.50	565,003	(509)	184,311	1,331	-	139	-	-

* The number of share excluding treasury shares.



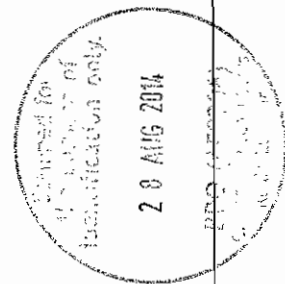
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7. SHARE CAPITAL AND RESERVES (CONTINUED)

The movements of share capital and reserves are as follows (continued):

	Retained earnings RM'000	Total attributable to owners of the parent RM'000	Non-controlling interests RM'000	Total equity RM'000
After (IV) and assuming full exercise of Warrants	38,222	803,044	120	803,164
(VI) Assuming full conversion of ICULS	(6,250)	(6,250)	-	(6,250)
After (V) and assuming full conversion of ICULS	31,972	796,794	120	796,914
(VII) Assuming full conversion of RCULS	4,594	158,387	-	158,387
After (VI) and assuming full conversion of RCULS	36,566	955,181	120	955,301
(VIII) Assuming full redemption of RCULS	19,141	4,594	-	4,594
After (VI) and assuming full redemption of RCULS	51,113	801,388	120	801,508



APPENDIX IV – PROFORMA CONSOLIDATED STATEMENT OF FINANCIAL POSITION OF OUR GROUP AS AT 31 DECEMBER 2013 TOGETHER WITH THE REPORTING ACCOUNTANTS' LETTER (Cont'd)

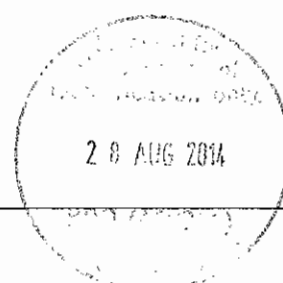
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Pro Forma Consolidated Statements of Financial Position

8. UTILISATION OF PROCEEDS

The gross proceeds from the Rights Issue of RM197,488,964 are expected to be utilised in the following manner:

	Amount RM'000
Property development expenditure and/or activities	160,000
Repayment of amount owing to Sumurwang Sdn. Bhd.	16,830
General working capital of the Group	16,659
Estimated expenses in relation to the Corporate Scheme	<u>4,000</u>
Total	<u>197,489</u>



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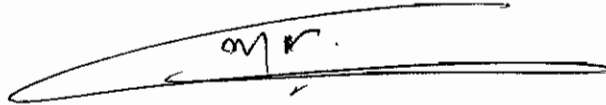
Pro Forma Consolidated Statements of Financial Position

APPROVAL BY THE BOARD OF DIRECTORS

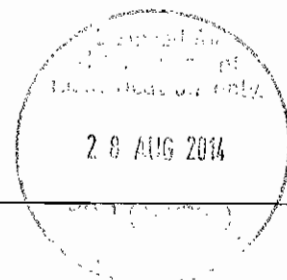
We, on behalf of the Board of Directors hereby approve and adopt the Pro Forma Consolidated Statements of Financial Position of I-Berhad and its subsidiaries as at 31 December 2013 in connection with the Corporate Scheme and the OFS.



Dato' Eu Hong Chew
Director
I-Berhad



Puan Sri Tey Siew Thuan
Director
I-Berhad



**APPENDIX V – AUDITED CONSOLIDATED FINANCIAL STATEMENTS OF OUR GROUP FOR
THE FYE 31 DECEMBER 2013 TOGETHER WITH THE AUDITORS' REPORT**

CERTIFIED TRUE COPY

.....
TOO YET LAN
Secretary
MAICSA No. 0817992

14 AUG 2014

I-BERHAD (7029 - H)
(Incorporated in Malaysia)

DIRECTORS' REPORT AND AUDITED FINANCIAL STATEMENTS
31 DECEMBER 2013

APPENDIX V – AUDITED CONSOLIDATED FINANCIAL STATEMENTS OF OUR GROUP FOR THE FYE 31 DECEMBER 2013 TOGETHER WITH THE AUDITORS' REPORT (Cont'd)I-BERHAD

(Incorporated in Malaysia)

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APPENDIX V – AUDITED CONSOLIDATED FINANCIAL STATEMENTS OF OUR GROUP FOR THE FYE 31 DECEMBER 2013 TOGETHER WITH THE AUDITORS' REPORT (Cont'd)

I

I-BERHAD

(Incorporated in Malaysia)

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 2013.

PRINCIPAL ACTIVITIES

The Company is principally engaged in investment holding. The principal activities of the subsidiaries are set out in Note 9 to the financial statements. There have been no significant changes in the nature of these activities during the financial year.

RESULTS

	Group RM	Company RM
Profit for the financial year	<u>43,969,023</u>	<u>8,437,483</u>
Attributable to:		
Owners of the Company	43,968,494	8,437,483
Non-controlling interests	<u>529</u>	<u>-</u>
	<u>43,969,023</u>	<u>8,437,483</u>

DIVIDENDS

Dividend paid since the end of the previous financial year was as follows:

	RM
In respect of the financial year ended 31 December 2012:	
Interim single tier dividend of 4 sen per ordinary share, paid on 25 April 2013	<u>4,560,016</u>

In respect of the financial year ended 31 December 2013, a final single tier dividend of 6 sen per ordinary share, amounting to RM6,840,025 has been proposed by the Directors for shareholders' approval at the forthcoming Annual General Meeting. The payment and entitlement dates will be announced at a later date.

RESERVES AND PROVISIONS

There were no material transfers to or from reserves or provisions during the financial year.

APPENDIX V – AUDITED CONSOLIDATED FINANCIAL STATEMENTS OF OUR GROUP FOR THE FYE 31 DECEMBER 2013 TOGETHER WITH THE AUDITORS’ REPORT (Cont’d)

2

ISSUE OF SHARES AND DEBENTURES

The Company did not issue any new shares or debentures during the financial year.

OPTIONS GRANTED OVER UNISSUED SHARES

No options were granted to any person to take up unissued shares of the Company.

DIRECTORS

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

Y. Bhg. Tan Sri Lim Kim Hong
 Y. Bhg. Puan Sri Tey Siew Thuan
 Y. Bhg. Dato’ Eu Hong Chew
 Liang Yew Ming
 Ong Poh Ling
 Goh Yeang Kheng (Appointed on 1 July 2013)

DIRECTORS’ INTERESTS

The Directors holding office at the end of the financial year and their beneficial interests in the ordinary shares of the Company and of its related corporations during the financial year ended 31 December 2013 as recorded in the Register of Directors’ Shareholdings kept by the Company under Section 134 of the Companies Act, 1965 in Malaysia were as follows:

	Balance as at 1.1.2013	[---Number of ordinary shares of RM1.00 each ---]		Balance as at 31.12.2013
		Bought	Sold	
Shares in the Company				
Direct interests:				
Y. Bhg. Tan Sri Lim Kim Hong	457,500	-	-	457,500
Y. Bhg. Puan Sri Tey Siew Thuan	332,142	-	-	332,142
Ong Poh Ling	15,356	-	-	15,356
Indirect interests:				
Y. Bhg. Tan Sri Lim Kim Hong	85,283,307	-	-	85,283,307*

* By virtue of his interest in Sumur Ventures Sdn. Bhd., a company incorporated in Malaysia, Y. Bhg. Tan Sri Lim Kim Hong is deemed to have interests in the Company to the extent of Sumur Ventures Sdn. Bhd.’s interest therein, in accordance with Section 6A of the Companies Act, 1965.

APPENDIX V – AUDITED CONSOLIDATED FINANCIAL STATEMENTS OF OUR GROUP FOR THE FYE 31 DECEMBER 2013 TOGETHER WITH THE AUDITORS' REPORT (Cont'd)

3

DIRECTORS' INTERESTS (continued)

By virtue of his interests in the ordinary shares of the Company, Y. Bhg. Tan Sri Lim Kim Hong is also deemed to be interested in the ordinary shares of all the subsidiaries to the extent that the Company has an interest.

Y. Bhg. Tan Sri Lim Kim Hong is the spouse of Y. Bhg. Puan Sri Tey Siew Thuan. By virtue of their relationship, they are also deemed to have interests in shares held by each other, both direct and indirect.

Other than disclosed above, none of the other Directors holding office at the end of the financial year held any interest in the ordinary shares of the Company and of its related corporations during the financial year.

DIRECTORS' BENEFITS

Since the end of the previous financial year, none of the Directors have received or 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 shown in the financial statements) by reason of a contract made by the Company or a related corporation with a Director or with a firm of which the Director is a member, or with a company in which the Director has a substantial financial interest, except for any benefit which may be deemed to have arisen by virtue of the remuneration received and receivable by the Directors from certain related corporations in their capacity as Directors or full time employees of those corporations and by virtue of those transactions as disclosed in Note 32 to the financial statements.

Except as disclosed above, there were no arrangements during and at the end of the financial year, to which the Company is a party, which had the object of enabling the Directors to acquire benefits by means of the acquisition of shares in or debentures of the Company or any other body corporate.

OTHER STATUTORY INFORMATION REGARDING THE GROUP AND THE COMPANY**(I) AS AT THE END OF THE FINANCIAL YEAR**

- (a) Before the statements of comprehensive income and statements of financial position of the Group and of the Company were made out, the Directors took reasonable steps:
- (i) to ascertain that 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 to be written off and that adequate provision had been made for doubtful debts; and
 - (ii) to ensure that any current assets other than debts, which were unlikely to realise their book values in the ordinary course of business had been written down to their estimated realisable values.

APPENDIX V – AUDITED CONSOLIDATED FINANCIAL STATEMENTS OF OUR GROUP FOR THE FYE 31 DECEMBER 2013 TOGETHER WITH THE AUDITORS' REPORT (Cont'd)

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OTHER STATUTORY INFORMATION REGARDING THE GROUP AND THE COMPANY (continued)

(I) AS AT THE END OF THE FINANCIAL YEAR (continued)

- (b) In the opinion of the Directors, the results of the operations of the Group and of the Company during the financial year have not been substantially affected by any item, transaction or event of a material and unusual nature.

(II) FROM THE END OF THE FINANCIAL YEAR TO THE DATE OF THIS REPORT

- (c) The Directors are not aware of any circumstances:
- (i) which would necessitate the writing off of bad debts or render the amount of the provision for doubtful debts in the financial statements of the Group and of the Company inadequate to any material extent; and
 - (ii) which would render the values attributed to current assets in the financial statements of the Group and of the Company misleading; and
 - (iii) which have arisen which would render adherence to the existing method of valuation of assets or liabilities of the Group and of the Company misleading or inappropriate.
- (d) In the opinion of the Directors:
- (i) there has not arisen any item, transaction or event of a material and unusual nature likely to affect substantially the results of the operations of the Group and of the Company for the financial year in which this report is made; and
 - (ii) no contingent or other liability has become enforceable, or is likely to become enforceable, within the period of twelve months after the end of the financial year which would or may affect the ability of the Group or of the Company to meet their obligations as and when they fall due.

(III) AS AT THE DATE OF THIS REPORT

- (e) There are no charges on the assets of the Group and of the Company which have arisen since the end of the financial year to secure the liabilities of any other person.
- (f) There are no contingent liabilities of the Group and of the Company which have arisen since the end of the financial year.
- (g) The Directors are not aware of any circumstances not otherwise dealt with in this report or the financial statements which would render any amount stated in the financial statements of the Group and of the Company misleading.

APPENDIX V – AUDITED CONSOLIDATED FINANCIAL STATEMENTS OF OUR GROUP FOR THE FYE 31 DECEMBER 2013 TOGETHER WITH THE AUDITORS' REPORT (Cont'd)

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SIGNIFICANT EVENTS DURING THE FINANCIAL YEAR

- (a) On 19 July 2013, the Company and its wholly owned subsidiary, I-City Properties Sdn. Bhd. ('ICP') had executed the Joint Venture and Shareholders' Agreement ('JVSA') with CPN Real Estate Sdn. Bhd. ('CPN Real Estate'), CPN Malls Malaysia Sdn. Bhd. ('CPN Malls'), Central Plaza I-City Malls Malaysia Sdn. Bhd., Central Plaza I-City Sdn. Bhd. and Central Plaza I-City Real Estate Sdn. Bhd. ('Central Plaza I-City Real Estate') for the development and management of a regional Retail Mall to be known as Central Plaza at i-City, Section 7, Shah Alam, Selangor Darul Ehsan.

The corporate structure of the joint venture with Central Pattana Public Company Limited of Thailand ('CPN') is as follows:

- (i) The Company through ICP holds a 40% stake in a newly incorporated joint venture company, Central Plaza I-City Malls Malaysia Sdn. Bhd. ('JVCo') thereby making it an associated company of the Group. CPN through its subsidiaries, CPN Real Estate and CPN Malls holds 60% stake in the JVCo.
- (ii) A newly incorporated Central Plaza I-City Sdn. Bhd., a wholly owned subsidiary of Central Plaza I-City Malls Malaysia Sdn. Bhd. would be the Mall Manager.
- (iii) A newly incorporated Central Plaza I-City Real Estate, a wholly owned subsidiary of Central Plaza I-City Sdn. Bhd., would develop and own the Mall.

In accordance with the terms of the JVSA, Central Plaza I-City Real Estate and the Company had also executed a Land Sale and Purchase Agreement with Sumur Heights Sdn. Bhd., Sumurwang Industries Sdn. Bhd., Top Capital Sdn. Bhd., Sumur Marketing Sdn. Bhd. and Sumurwang Development Sdn. Bhd. and The Peak @ KLCC Sdn. Bhd., the vendor and beneficial owner for a piece of freehold land which forms part of the land held under Geran No. 311885, Lot No. 16965 and part of Geran No. 311886, Lot No. 16966 of Seksyen 7, Bandar Shah Alam, District of Petaling, State of Selangor Darul Ehsan ('Mall Land') measuring approximately 11.12 acres (484,376 sq ft) for a purchase consideration of RM72.66 million for the development of the Retail Mall ('Proposed Mall Land Acquisition').

- (b) On 24 October 2013, the Company has announced the proposed acquisition by I-Marcom Sdn. Bhd. ('I-Marcom'), a wholly-owned subsidiary of the Company, of a piece of freehold land held under Geran No. 26180, Lot No. 242, Seksyen 63, Town and District of Kuala Lumpur, Wilayah Persekutuan Kuala Lumpur measuring approximately 1.05 acres (45,764 sq ft) located along Jalan Changkat Kia Peng from Sumuracres Sdn. Bhd. ('the Vendor') for a purchase consideration of RM132.00 million to be settled by way of allotment and issuance of the Redeemable Convertible Unsecured Loan Stock ('RCULS') to the Vendor ('Proposed Kia Peng Land Acquisition').

On even date, I-Marcom had entered into a conditional sale and purchase agreement with the Vendor in relation to the Proposed Kia Peng Land Acquisition.

The Proposal has been approved by shareholder of I-Marcom, and is now pending approvals from the shareholders of the Company, Securities Commission Malaysia, Bursa Malaysia Securities Berhad ('Bursa Securities') and other relevant authorities.

- (c) On 18 November 2013, the Company has incorporated two new wholly-owned subsidiaries namely City Centrepoint Sdn. Bhd. and World Citypoint Sdn. Bhd. with each having an authorised capital of RM400,000 divided into 400,000 ordinary shares of RM1 each and a paid-up capital of RM2 divided into 2 ordinary shares of RM1 each. Both of the subsidiaries have not commenced business. The intended principal activities of the new subsidiaries are to act as developers, land and property owners.

APPENDIX V – AUDITED CONSOLIDATED FINANCIAL STATEMENTS OF OUR GROUP FOR THE FYE 31 DECEMBER 2013 TOGETHER WITH THE AUDITORS’ REPORT (Cont’d)

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SIGNIFICANT EVENTS DURING THE FINANCIAL YEAR (continued)

- (d) On 20 December 2013, the Company has announced the following proposals to Bursa Securities:
- (i) proposed share split involving the subdivision of every one (1) existing ordinary share of RM1.00 each in I-Berhad into two (2) ordinary shares of RM0.50 each in I-Berhad ('Proposed Share Split');
 - (ii) proposed renounceable rights issue of new ordinary shares in I-Berhad together with free detachable warrants to raise gross proceeds of up to RM200.00 million ('Proposed Rights Issue with Warrants');
 - (iii) proposed bonus issue of new ordinary shares in I-Berhad ('Bonus Share(s)') on the basis of one (1) Bonus Share for every five (5) ordinary shares held ('Proposed Bonus Issue');
 - (iv) proposed acquisition by I-City Properties Sdn. Bhd. ('I-City Properties'), a wholly-owned subsidiary of the Company, of a piece of freehold land held under Geran No. 311884, Lot No. 16964, Seksyen 7, Bandar Shah Alam, District of Petaling, State of Selangor Darul Ehsan measuring approximately 12.13 acres from The Peak @ KLCC Sdn. Bhd. ('The Peak @ KLCC') for a purchase consideration of RM241.30 million to be settled by a combination of irredeemable convertible unsecured loan stocks ('ICULS') and RCULS issued by I-Berhad ('Proposed SOHO Land Acquisition');
 - (v) proposed acquisition by City Centrepoint Sdn. Bhd. ('City Centrepoint'), a wholly-owned subsidiary of the Company, of a piece of freehold land which currently forms part of the land held under Geran No. 311886, Lot No.16966, Seksyen 7, Bandar Shah Alam, District of Petaling, State of Selangor Darul Ehsan measuring approximately 7.45 acres from The Peak @ KLCC for a purchase consideration of RM129.00 million to be settled by a combination of ICULS and RCULS issued by I-Berhad ('Proposed Tower Land Acquisition');
 - (vi) proposed renounceable restricted offer for sale of up to 50% of up to RM301.30 million five (5)-year 2% stepping up to 3% ICULS at 100% of its nominal value of RM0.50 each to be issued pursuant to the Proposed SOHO Land Acquisition and/or the Proposed Tower Land Acquisition to the minority shareholders of I-Berhad ('Proposed OFS');
 - (vii) proposed increase in authorised share capital of I-Berhad from RM200,000,000 comprising 200,000,000 ordinary shares of RM1.00 each to RM1,000,000,000 ('Proposed Increase in Authorised Share Capital');
 - (viii) proposed amendment to the memorandum of association of I-Berhad ('Proposed Amendment'); and
 - (ix) proposed establishment of a long term incentive plan of up to 10% of the issued and paid-up share capital of the Company for eligible employees and eligible Directors of I-Berhad and its subsidiaries ('Proposed LTIP').

APPENDIX V – AUDITED CONSOLIDATED FINANCIAL STATEMENTS OF OUR GROUP FOR THE FYE 31 DECEMBER 2013 TOGETHER WITH THE AUDITORS' REPORT (Cont'd)

7

SIGNIFICANT EVENTS DURING THE FINANCIAL YEAR (continued)

- (d) On 20 December 2013, the Company has announced the following proposals to Bursa Malaysia Securities Berhad ('Bursa Securities') (continued):

On even date, I-City Properties had entered into a conditional sale and purchase agreement with The Peak @ KLCC in relation to the Proposed SOHO Land Acquisition.

In addition, City Centrepoint had entered into a conditional sale and purchase agreement with The Peak @ KLCC in relation to the Proposed Tower Land Acquisition.

The Proposed SOHO Land Acquisition and Proposed Tower Land Acquisition have been approved by shareholder of I-City Properties and City Centrepoint, and are now pending approvals from the shareholders of the Company, Securities Commission Malaysia, Bursa Malaysia Securities Berhad ('Bursa Securities') and other relevant authorities.

SUBSEQUENT EVENTS TO THE END OF THE REPORTING PERIOD

- (a) On 29 January 2014, the Red Carpet in I-City was partially destroyed by fire. There is no significant financial implication to the Group as a result of the incident.
- (b) On 6 February 2014, the Company has announced the proposed ratification of the Joint Venture Agreement dated 10 February 2009 entered into between the Company and The Peak @ KLCC Sdn. Bhd. in place of the Joint Venture Agreement dated 28 February 2006 entered into between the Company and Sumurwang Sdn. Bhd. for the development of a piece of freehold land held under Geran No. 27449, Lot No. 4598, Mukim of Bukit Raja, District of Petaling, Selangor Darul Ehsan measuring approximately 72 acres, designated as the 'i-City Project' ('Proposed Ratification').
- (c) On 1 April 2014, the Company has announced the proposed arrangement between the Company and The Peak @ KLCC in relation to the treatment of the purchase consideration from the Proposed Mall Land Acquisition ('Proposed Arrangement').

On even date, the Company and The Peak @ KLCC had entered into a termination and payment agreement to formalize the Proposed Arrangement.

In addition, the Company has announced the full details of the Proposed Ratification resulting from the finalisation of the various appointments of advisers and the conclusions of the independent valuations on the affected properties.

The Proposed Arrangement and Proposed Ratification are now pending approvals from the shareholders of the Company, Securities Commission Malaysia, Bursa Malaysia Securities Berhad ('Bursa Securities') and other relevant authorities.

- (d) On 1 April 2014, its wholly-owned subsidiary, I-R&D Sdn. Bhd. has incorporated a new wholly-owned subsidiary namely I-City Travel Sdn. Bhd. with an authorised capital of RM400,000 divided into 400,000 ordinary shares of RM1 each and a paid-up capital of RM2 divided into 2 ordinary shares of RM1 each. The intended principal activity of the new subsidiary is to provide transportation services.

APPENDIX V – AUDITED CONSOLIDATED FINANCIAL STATEMENTS OF OUR GROUP FOR THE FYE 31 DECEMBER 2013 TOGETHER WITH THE AUDITORS' REPORT (Cont'd)

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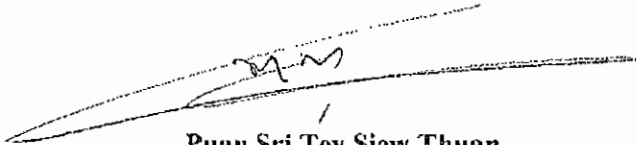
HOLDING COMPANIES

The Directors regard Sumur Ventures Sdn. Bhd. and Sumurwang Sdn. Bhd., as the ultimate and immediate holding companies respectively. Both companies are incorporated in Malaysia.

AUDITORS

The auditors, BDO, have expressed their willingness to continue in office.

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



Puan Sri Tey Siew Thuan
Director

Kuala Lumpur
7 April 2014



Dato' Eu Hong Chew
Director

APPENDIX V – AUDITED CONSOLIDATED FINANCIAL STATEMENTS OF OUR GROUP FOR THE FYE 31 DECEMBER 2013 TOGETHER WITH THE AUDITORS’ REPORT (Cont’d)

I-BERHAD

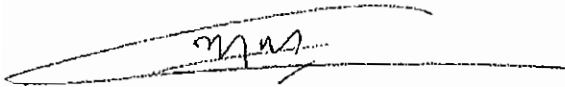
(Incorporated in Malaysia)

STATEMENT BY DIRECTORS

In the opinion of the Directors, the financial statements set out on pages 12 to 91 have been drawn up in accordance with Financial Reporting Standards and the requirements of 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 2013 and of their financial performance and cash flows for the financial year then ended.

In the opinion of the Directors, the information set out in Note 38 on page 92 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 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.

On behalf of the Board,



Puan Sri Tey Siew Thuan
Director



Dato' Eu Hong Chew
Director

Kuala Lumpur
7 April 2014

STATUTORY DECLARATION

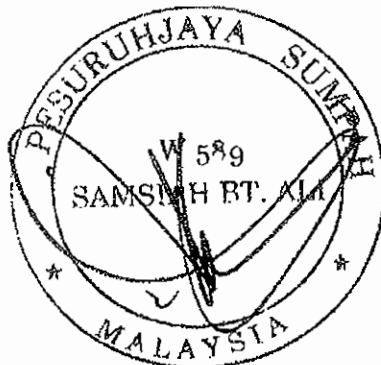
I, William Ong Eng San, being the Officer primarily responsible for the financial management of I-Berhad, do solemnly and sincerely declare that the financial statements set out on pages 12 to 92 are, to the best of my knowledge and belief, correct and I make this solemn declaration conscientiously believing the same to be true and by virtue of the provisions of the Statutory Declarations Act, 1960.

Subscribed and solemnly declared by the abovenamed at Kuala Lumpur in the Federal Territory on 7 April 2014.



William Ong Eng San

Before me:



SAMSIAH BINTI ALI (No. W 589)
PESURUHJAYA SUMPAH
NO. 142B, TKT BAWAH,
B.C.N. UMNO SELANGOR
JALAN IPOH, 51200
KUALA LUMPUR W.P.

APPENDIX V – AUDITED CONSOLIDATED FINANCIAL STATEMENTS OF OUR GROUP FOR THE FYE 31 DECEMBER 2013 TOGETHER WITH THE AUDITORS' REPORT (Cont'd)

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INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF I-BERHAD**Report on the Financial Statements**

We have audited the financial statements of I-Berhad, which comprise statements of financial position as at 31 December 2013 of the Group and of the Company, and statements of comprehensive income, statements of changes in equity and statements of cash flows of the Group and of the Company for the financial year then ended, and a summary of significant accounting policies and other explanatory information, as set out on pages 12 to 91.

Directors' Responsibility for the Financial Statements

The Directors of the Company are responsible for the preparation of financial statements so as to give a true and fair view in accordance with Financial Reporting Standards and the requirements of the Companies Act, 1965 in Malaysia. The Directors are also responsible for such internal control as the Directors determine is necessary to enable the preparation of financial statements that are free from material misstatement, 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 about 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 control 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 control. 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.

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 2013 and of their financial performance and cash flows for the financial year then ended in accordance with Financial Reporting Standards and the requirements of the Companies Act, 1965 in Malaysia.



INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF I-BERHAD (continued)

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 auditors have been properly kept in accordance with the provisions of the Act.
- (b) We have considered the financial statements and the auditors' report of a subsidiary of which we have not acted as auditors, which is indicated in Note 9 to the financial statements.
- (c) We are satisfied that the financial statements of the subsidiaries that have been consolidated with the financial statements of the Company are in form and content appropriate and proper for the purposes of the preparation of the financial statements of the Group and we have received satisfactory information and explanations required by us for those purposes.
- (d) The audit reports on the financial statements of the subsidiaries did not contain any qualification or any adverse comment made under Section 174(3) of the Act.

Other Reporting Responsibilities

The supplementary information set out in Note 38 to the financial statements is disclosed to meet the requirement of Bursa Malaysia Securities Berhad and is not part of the financial statements. The Directors are responsible for the preparation of the supplementary information 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 ('MIA Guidance') and the directive of Bursa Malaysia Securities Berhad. In our opinion, the supplementary information is prepared, in all material respects, in accordance with the MIA Guidance and the directive of Bursa Malaysia Securities Berhad.

Other Matters

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.

BDO
AF : 0206
Chartered Accountants

Kuala Lumpur
7 April 2014

Ng Soe Kei
2982/08/15 (J)
Chartered Accountant

APPENDIX V – AUDITED CONSOLIDATED FINANCIAL STATEMENTS OF OUR GROUP FOR THE FYE 31 DECEMBER 2013 TOGETHER WITH THE AUDITORS’ REPORT (Cont’d)

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I-BERHAD

(Incorporated in Malaysia)

**STATEMENTS OF FINANCIAL POSITION
AS AT 31 DECEMBER 2013**

	Note	Group		Company	
		2013 RM	2012 RM	2013 RM	2012 RM
ASSETS					
Non-current assets					
Property, plant and equipment	7	65,020,039	52,234,533	1,616	2,192
Investment properties	8	73,373,008	65,460,000	7,400,000	6,910,000
Investments in subsidiaries	9	-	-	168,560,223	168,560,219
Associates	10	3,479,733	675,304	-	-
Other investments	11	1	1	-	-
Goodwill	12	-	-	-	-
		141,872,781	118,369,838	175,961,839	175,472,411
Current assets					
Property development costs	13	61,672,594	56,628,158	-	-
Inventories	14	54,471,527	54,648,290	-	-
Trade and other receivables	15	58,988,501	15,388,537	14,711,746	5,825,281
Other investments	11	38,556	38,556	38,556	38,556
Current tax assets		834,227	1,133,962	726,309	557,798
Cash and cash equivalents	16	7,106,744	16,111,620	2,103,602	2,139,930
		183,112,149	143,949,123	17,580,213	8,561,565
TOTAL ASSETS		324,984,930	262,318,961	193,542,052	184,033,976
EQUITY AND LIABILITIES					
Equity attributable to owners of the parent					
Share capital	17	114,486,356	114,486,356	114,486,356	114,486,356
Share premium		60,167,141	60,167,141	60,167,141	60,167,141
Revaluation reserve		1,331,019	1,331,019	1,359,395	1,359,395
Exchange translation reserve	18	138,452	17,234	-	-
Retained earnings		41,147,429	1,738,951	10,946,503	7,069,036
Treasury shares	19	(509,121)	(509,121)	(509,121)	(509,121)
		216,761,276	177,231,580	186,450,274	182,572,807
Non-controlling interests		119,494	118,965	-	-
TOTAL EQUITY		216,880,770	177,350,545	186,450,274	182,572,807

APPENDIX V – AUDITED CONSOLIDATED FINANCIAL STATEMENTS OF OUR GROUP FOR THE FYE 31 DECEMBER 2013 TOGETHER WITH THE AUDITORS' REPORT (Cont'd)

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I-BERHAD

(Incorporated in Malaysia)

**STATEMENTS OF FINANCIAL POSITION
AS AT 31 DECEMBER 2013 (continued)**

	Note	Group		Company	
		2013 RM	2012 RM	2013 RM	2012 RM
LIABILITIES					
Non-current liabilities					
Deferred tax liabilities	20	2,868,990	2,155,247	790,076	749,159
Current liabilities					
Trade and other payables	21	104,544,181	82,495,961	6,301,702	712,010
Current tax liabilities		690,989	317,208	-	-
		<u>105,235,170</u>	<u>82,813,169</u>	<u>6,301,702</u>	<u>712,010</u>
TOTAL LIABILITIES		<u>108,104,160</u>	<u>84,968,416</u>	<u>7,091,778</u>	<u>1,461,169</u>
TOTAL EQUITY AND LIABILITIES		<u>324,984,930</u>	<u>262,318,961</u>	<u>193,542,052</u>	<u>184,033,976</u>

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

APPENDIX V – AUDITED CONSOLIDATED FINANCIAL STATEMENTS OF OUR GROUP FOR THE FYE 31 DECEMBER 2013 TOGETHER WITH THE AUDITORS' REPORT (Cont'd)

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I-BERHAD

(Incorporated in Malaysia)

**STATEMENTS OF COMPREHENSIVE INCOME
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2013**

	Note	Group		Company	
		2013 RM	2012 RM	2013 RM	2012 RM
Revenue	22	152,147,839	66,656,181	9,000,000	11,373,127
Cost of sales	23	<u>(86,644,417)</u>	<u>(35,853,151)</u>	-	-
Gross profit		65,503,422	30,803,030	9,000,000	11,373,127
Fair value gain on investment properties		12,995,635	-	490,000	-
Other income		1,042,769	2,844,939	338,253	2,750,396
Other expenses		<u>(26,617,240)</u>	<u>(15,445,750)</u>	<u>(1,261,560)</u>	<u>(683,030)</u>
Share of profit of associates		<u>58,169</u>	<u>35,304</u>	-	-
Profit before tax	24	52,982,755	18,237,523	8,566,693	13,440,493
Tax expense	26	<u>(9,013,732)</u>	<u>(1,578,106)</u>	<u>(129,210)</u>	<u>(536,462)</u>
Profit for the financial year		43,969,023	16,659,417	8,437,483	12,904,031
Other comprehensive income, net of tax:					
Foreign currency translations		<u>121,218</u>	<u>(45,704)</u>	-	-
Total comprehensive income		<u>44,090,241</u>	<u>16,613,713</u>	<u>8,437,483</u>	<u>12,904,031</u>
Profit attributable to:					
Owners of the parent		43,968,494	16,818,019	8,437,483	12,904,031
Non-controlling interests		<u>529</u>	<u>(158,602)</u>	-	-
		<u>43,969,023</u>	<u>16,659,417</u>	<u>8,437,483</u>	<u>12,904,031</u>
Total comprehensive income attributable to:					
Owners of the parent		44,089,712	16,772,315	8,437,483	12,904,031
Non-controlling interests		<u>529</u>	<u>(158,602)</u>	-	-
		<u>44,090,241</u>	<u>16,613,713</u>	<u>8,437,483</u>	<u>12,904,031</u>
Basic and diluted earnings per ordinary share attributable to equity holders of the parent (sen)	30	<u>38.57</u>	<u>14.75</u>		

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

APPENDIX V – AUDITED CONSOLIDATED FINANCIAL STATEMENTS OF OUR GROUP FOR THE FYE 31 DECEMBER 2013 TOGETHER WITH THE AUDITORS' REPORT (Cont'd)

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L-BERHAD

(Incorporated in Malaysia)

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2013

Group	Note	Share capital RM	Treasury shares RM	Share premium RM	Revaluation reserve RM	Exchange translation reserve RM	(Accumulated loss)/Retained earnings RM	Total attributable to owners of the parent RM	Non-controlling interests RM	Total equity RM
Balance as at 1 January 2012		114,486,356	(8,470,595)	60,529,560	1,331,019	62,938	(6,415,999)	161,523,279	277,567	161,800,846
Profit for the financial year		-	-	-	-	-	16,818,019	16,818,019	(158,602)	16,659,417
Foreign currency translations		-	-	-	-	(45,704)	-	(45,704)	-	(45,704)
Total comprehensive income		-	-	-	-	(45,704)	16,818,019	16,772,315	(158,602)	16,613,713
Transactions with owners:										
Share dividend	19	-	7,961,474	(362,419)	-	-	(7,599,055)	-	-	-
Dividend paid	31	-	-	-	-	-	(1,064,014)	(1,064,014)	-	(1,064,014)
Total transactions with owners		-	7,961,474	(362,419)	-	-	(8,663,069)	(1,064,014)	-	(1,064,014)
Balance as at 31 December 2012		114,486,356	(509,121)	60,167,141	1,331,019	17,234	1,738,951	177,231,580	118,965	177,350,545

APPENDIX V – AUDITED CONSOLIDATED FINANCIAL STATEMENTS OF OUR GROUP FOR THE FYE 31 DECEMBER 2013 TOGETHER WITH THE AUDITORS' REPORT (Cont'd)

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I-BERHAD

(Incorporated in Malaysia)

**CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2013 (continued)**

Group	Note	Share capital RM	Treasury shares RM	Share premium RM	Revaluation reserve RM	Exchange translation reserve RM	Retained earnings RM	Total attributable to owners of the parent RM	Non-controlling interests RM	Total equity RM
Balance as at 1 January 2013		114,486,356	(509,121)	60,167,141	1,331,019	17,234	1,738,951	177,231,580	118,965	177,350,545
Profit for the financial year		-	-	-	-	-	43,968,494	43,968,494	529	43,969,023
Foreign currency translations		-	-	-	-	121,218	-	121,218	-	121,218
Total comprehensive income		-	-	-	-	121,218	43,968,494	44,089,712	529	44,090,241
Transaction with owners:										
Dividend paid	31	-	-	-	-	-	(4,560,016)	(4,560,016)	-	(4,560,016)
Total transaction with owners		-	-	-	-	-	(4,560,016)	(4,560,016)	-	(4,560,016)
Balance as at 31 December 2013		114,486,356	(509,121)	60,167,141	1,331,019	138,452	41,147,429	216,761,276	119,494	216,880,770

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

APPENDIX V – AUDITED CONSOLIDATED FINANCIAL STATEMENTS OF OUR GROUP FOR THE FYE 31 DECEMBER 2013 TOGETHER WITH THE AUDITORS' REPORT (Cont'd)

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I-BERHAD

(Incorporated in Malaysia)

**STATEMENT OF CHANGES IN EQUITY
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2013**

Company	Note	Share capital RM	Treasury shares RM	Share premium RM	Revaluation reserve RM	Retained earnings RM	Total equity RM
Balance as at 1 January 2012		114,486,356	(8,470,595)	60,529,560	1,359,395	2,828,074	170,732,790
Profit for the financial year		-	-	-	-	12,904,031	12,904,031
Total comprehensive income		-	-	-	-	12,904,031	12,904,031
Transactions with owners:							
Share dividend	19	-	7,961,474	(362,419)	-	(7,599,055)	-
Dividend paid	31	-	-	-	-	(1,064,014)	(1,064,014)
Total transactions with owners		-	7,961,474	(362,419)	-	(8,663,069)	(1,064,014)
Balance as at 31 December 2012		114,486,356	(509,121)	60,167,141	1,359,395	7,069,036	182,572,807

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I-BERHAD

(Incorporated in Malaysia)

**STATEMENT OF CHANGES IN EQUITY
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2013 (continued)**

Company	Note	Share capital RM	Treasury shares RM	Share premium RM	Revaluation reserve RM	Retained earnings RM	Total equity RM
Balance as at 1 January 2013		114,486,356	(509,121)	60,167,141	1,359,395	7,069,036	182,572,807
Profit for the financial year		-	-	-	-	8,437,483	8,437,483
Total comprehensive income		-	-	-	-	8,437,483	8,437,483
Transaction with owners:							
Dividend paid	31	-	-	-	-	(4,560,016)	(4,560,016)
Total transaction with owners		-	-	-	-	(4,560,016)	(4,560,016)
Balance as at 31 December 2013		114,486,356	(509,121)	60,167,141	1,359,395	10,946,503	186,450,274

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

APPENDIX V – AUDITED CONSOLIDATED FINANCIAL STATEMENTS OF OUR GROUP FOR THE FYE 31 DECEMBER 2013 TOGETHER WITH THE AUDITORS' REPORT (Cont'd)

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L-BERHAD

(Incorporated in Malaysia)

**STATEMENTS OF CASH FLOWS
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2013**

	Note	Group		Company	
		2013 RM	2012 RM	2013 RM	2012 RM
CASH FLOWS FROM OPERATING ACTIVITIES					
Profit before tax		52,982,755	18,237,523	8,566,693	13,440,493
Adjustments for:					
Depreciation of property, plant and equipment	7	12,977,017	7,192,229	576	576
Write-off of property, plant and equipment	7	1,929,839	-	-	-
Dividend income		-	-	(9,000,000)	(11,373,127)
Fair value adjustments on investment properties	8	(12,995,635)	-	(490,000)	-
Gain on disposal of property, plant and equipment		(48,940)	(6,500)	-	-
Gain on disposal of trademarks		-	(1,800,000)	-	(1,800,000)
Impairment losses on:					
- other investments		-	8,262	-	8,262
- trade and other receivables		7,053	38,291	3,000	-
Interest income		(296,855)	(537,660)	(72,146)	(59,146)
Reversal of impairment losses on trade receivables	15(c)	-	(3,317)	-	-
Share of profit of an associate		(58,169)	(35,304)	-	-
Operating profit/(loss) before changes in working capital		54,497,065	23,093,524	(991,877)	217,058
Changes in working capital:					
Inventories		176,763	(191,136)	-	-
Property development costs		(5,044,436)	(31,252,256)	-	-
Trade and other receivables		(43,662,648)	(11,259,961)	(8,693)	10,346
Trade and other payables		20,458,285	31,079,589	180,471	8,508
Cash generated from/(used in) operations		26,425,029	11,469,760	(820,099)	235,912
Tax refunded		641,381	7,398	-	-
Tax paid		(8,267,854)	(986,411)	(256,804)	(307,086)
Net cash from/(used in) operating activities		18,798,556	10,490,747	(1,076,903)	(71,174)

APPENDIX V – AUDITED CONSOLIDATED FINANCIAL STATEMENTS OF OUR GROUP FOR THE FYE 31 DECEMBER 2013 TOGETHER WITH THE AUDITORS' REPORT (Cont'd)

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I-BERHAD

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**STATEMENTS OF CASH FLOWS
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2013 (continued)**

	Note	Group		Company	
		2013 RM	2012 RM	2013 RM	2012 RM
CASH FLOWS FROM INVESTING ACTIVITIES					
Acquisition of associates	10	(4)	(40,000)	(4)	-
Advances to associates		(2,746,256)	(600,000)	-	-
Advances to a related company		-	-	(30,000)	-
Advances to subsidiaries		-	-	(9,750,772)	(6,625,308)
Dividend received		-	-	9,400,000	1,479,845
Interest received		352,486	520,345	72,146	59,146
Proceeds from disposal of trademarks		-	1,800,000	-	1,800,000
Proceeds from disposal of property, plant and equipment		122,590	97,359	-	-
Development of investment properties	8	(2,298,008)	-	-	-
Purchase of property, plant and equipment	7(c)	(18,795,427)	(19,585,013)	-	-
Net cash used in investing activities		<u>(23,364,619)</u>	<u>(17,807,309)</u>	<u>(308,630)</u>	<u>(3,286,317)</u>
CASH FLOWS FROM FINANCING ACTIVITIES					
Advances from immediate holding company		-	-	5,000,000	-
Advances from subsidiaries		-	-	909,221	-
Dividend paid	31	(4,560,016)	(1,064,014)	(4,560,016)	(1,064,014)
Net released/(pledged) of fixed deposits		84,000	(123,000)	(39,000)	-
Net cash (used in)/from financing activities		<u>(4,476,016)</u>	<u>(1,187,014)</u>	<u>1,310,205</u>	<u>(1,064,014)</u>
Net decrease in cash and cash equivalents		<u>(9,042,079)</u>	<u>(8,503,576)</u>	<u>(75,328)</u>	<u>(4,421,505)</u>
Effect of exchange rate changes on cash and cash equivalents		121,203	(45,685)	-	-
Cash and cash equivalents at beginning of financial year		<u>15,988,620</u>	<u>24,537,881</u>	<u>2,139,930</u>	<u>6,561,435</u>
Cash and cash equivalents at end of financial year	16	<u>7,067,744</u>	<u>15,988,620</u>	<u>2,064,602</u>	<u>2,139,930</u>

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

APPENDIX V – AUDITED CONSOLIDATED FINANCIAL STATEMENTS OF OUR GROUP FOR THE FYE 31 DECEMBER 2013 TOGETHER WITH THE AUDITORS' REPORT (Cont'd)

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I-BERHAD

(Incorporated in Malaysia)

**NOTES TO THE FINANCIAL STATEMENTS
31 DECEMBER 2013**
1. CORPORATE INFORMATION

I-Berhad (the 'Company') is a public limited liability company, incorporated and domiciled in Malaysia, and is listed on the Main Market of Bursa Malaysia Securities Berhad.

The registered office and principal place of business of the Company is located at D-1-4, Jalan Multimedia 7/AJ, CityPark, i-City, 40000 Shah Alam, Selangor Darul Ehsan.

The Directors regard Sumur Ventures Sdn. Bhd. and Sumurwang Sdn. Bhd., as the ultimate and immediate holding companies respectively. Both companies are incorporated in Malaysia.

The consolidated financial statements for the financial year ended 31 December 2013 comprise the Company and its subsidiaries and the interests of the Group in associates. These financial statements are presented in Ringgit Malaysia ('RM'), which is also the functional currency of the Company.

The financial statements were authorised for issue in accordance with a resolution by the Board of Directors on 1 April 2014.

2. PRINCIPAL ACTIVITIES

The Company is principally engaged in investment holding. The principal activities of the subsidiaries are set out in Note 9 to the financial statements. There have been no significant changes in the nature of these activities during the financial year.

3. BASIS OF PREPARATION

The financial statements of the Group and of the Company set out on pages 12 to 91 have been prepared in accordance with Financial Reporting Standards ('FRSs') and the requirements of the Companies Act, 1965 in Malaysia.

However, Note 38 to the financial statements set out on page 92 has been 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 ('MIA Guidance') and the directive of Bursa Malaysia Securities Berhad.

4. SIGNIFICANT ACCOUNTING POLICIES**4.1 Basis of accounting**

The financial statements of the Group and of the Company have been prepared under the historical cost convention except as otherwise stated in the financial statements.

4. SIGNIFICANT ACCOUNTING POLICIES (continued)

4.1 Basis of accounting (continued)

The preparation of financial statements in conformity with FRSs requires the Directors to make estimates and assumptions that affect the reported amounts of assets, liabilities, revenue and expenses and disclosure of contingent assets and contingent liabilities. In addition, the Directors are also required to exercise their judgement in the process of applying the accounting policies. The areas involving such judgements, estimates and assumptions are disclosed in Note 6 to the financial statements. Although these estimates and assumptions are based on the Directors' best knowledge of events and actions, actual results could differ from those estimates.

4.2 Basis of consolidation

The consolidated financial statements incorporate the financial statements of the Company and all its subsidiaries. Control is achieved when the Group is exposed, or has rights, to variable returns from its involvement with the investee and has the ability to affect those returns through its power over the investee. Specifically, the Group controls an investee if and only if the Group has:

- (a) Power over the investee;
- (b) Exposure, or rights, to variable returns from its involvement with the investee; and
- (c) The ability to use its power over the investee to affect its returns.

If the Group has less than a majority of the voting or similar rights of an investee, the Group considers all relevant facts and circumstances in assessing whether it has power over an investee, including:

- (a) The contractual arrangement with the other vote holders of the investee;
- (b) Rights arising from other contractual agreements; and
- (c) The voting rights of the Group and potential voting rights.

Intragroup balances, transactions, income and expenses are eliminated on consolidation. Unrealised gains arising from transactions with associates are eliminated against the investment to the extent of the interest of the Group in the investee. Unrealised losses are eliminated in the same way as unrealised gains, but only to the extent that there is no impairment.

The financial statements of the subsidiaries are prepared for the same reporting period as that of the Company, using consistent accounting policies. Where necessary, accounting policies of subsidiaries are changed to ensure consistency with the policies adopted by the other entities in the Group.

Non-controlling interests represent the equity in subsidiaries that are not attributable, directly or indirectly, to owners of the parent, and is presented separately in the consolidated statements of comprehensive income and within equity in the consolidated statements of financial position, separately from equity attributable to owners of the Company. Statements of comprehensive income and each component of other comprehensive income are attributed to the owners of the parent and to the non-controlling interests. Total comprehensive income is attributed to non-controlling interests even if this results in the non-controlling interests having a deficit balance.

4. SIGNIFICANT ACCOUNTING POLICIES (continued)

4.2 Basis of consolidation (continued)

The Group re-assesses whether or not it controls an investee if facts and circumstances indicate that there are changes to one or more of the three elements of control. Subsidiaries are consolidated from the date on which control is transferred to the Group up to the effective date on which control ceases, as appropriate. Assets, liabilities, income and expenses of a subsidiary acquired or disposed of during the financial year are included in the statements of comprehensive income from the date the Group gains control until the date the Group ceases to control the subsidiary.

Changes in the Company owner's ownership interest in a subsidiary that do not result in a loss of control are accounted for as equity transactions. In such circumstances, the carrying amounts of the controlling and non-controlling interests are adjusted to reflect the changes in their relative interests in the subsidiary. Any difference between the amount by which the non-controlling interest is adjusted and the fair value of consideration paid or received is recognised directly in equity and attributed to owners of the parent.

If the Group loses control of a subsidiary, the profit or loss on disposal is calculated as the difference between:

- (a) The aggregate of the fair value of the consideration received and the fair value of any retained interest; and
- (b) The previous carrying amount of the assets (including goodwill), and liabilities of the subsidiary and any non-controlling interests.

Amounts previously recognised in other comprehensive income in relation to the subsidiary are accounted for (i.e. reclassified to statements of comprehensive income or transferred directly to retained earnings) in the same manner as would be required if the relevant assets or liabilities were disposed of. The fair value of any investments retained in the former subsidiary at the date when control is lost is regarded as the fair value on initial recognition for subsequent accounting under FRS 139 *Financial Instruments: Recognition and Measurement* or, where applicable, the cost on initial recognition of an investment in associate or jointly controlled entity.

4.3 Property, plant and equipment

All items of property, plant and equipment are initially measured at cost. Cost includes expenditure that is directly attributable to the acquisition of the asset.

Subsequent costs are included in the asset's carrying amount or recognised as a separate asset, as appropriate, only when the cost is incurred and it is probable that the future economic benefits associated with the subsequent costs would flow to the Group and the cost of the asset could be measured reliably. The carrying amount of parts that are replaced is derecognised. The costs of the day-to-day servicing of property, plant and equipment are recognised in statements of comprehensive income as incurred. Cost also comprises the initial estimate of dismantling and removing the asset and restoring the site on which it is located for which the Group is obligated to incur when the asset is acquired, if applicable.

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4. SIGNIFICANT ACCOUNTING POLICIES (continued)
4.3 Property, plant and equipment (continued)

Each part of an item of property, plant and equipment with a cost that is significant in relation to the total cost of the asset and which has a different useful life, is depreciated separately.

After initial recognition, property, plant and equipment are stated at cost less any accumulated depreciation and any accumulated impairment losses.

Depreciation is calculated to write off the cost or valuation of the assets to their residual values on a straight line basis over their estimated useful lives. The assets' residual values and useful lives are reviewed, and adjusted if appropriate, annually. The principal depreciation periods and rates are as follows:

Sales gallery	20%
Office equipment, furniture, fittings and fixtures and renovation	10% to 33%
Motor vehicles	20%
Plant and equipment	10% to 50%

Freehold land is not depreciated as it has indefinite life.

Construction-in-progress represents buildings under construction and is stated at cost. Construction-in-progress is not depreciated until such time when the asset is available for use.

At the end of each reporting period, the carrying amount of an item of property, plant and equipment is assessed for impairment when events or changes in circumstances indicate that its carrying amount may not be recoverable. A write down is made if the carrying amount exceeds the recoverable amount (see Note 4.10 to the financial statements on impairment of non-financial assets).

The residual values, useful lives and depreciation method are reviewed at the end of each reporting period to ensure that the amount, method and period of depreciation are consistent with previous estimates and the expected pattern of consumption of the future economic benefits embodied in the items of property, plant and equipment. If expectations differ from previous estimates, the changes are accounted for as a change in an accounting estimate.

The carrying amount of an item of property, plant and equipment is derecognised on disposal or when no future economic benefits are expected from its use or disposal. The difference between the net disposal proceeds, if any, and the carrying amount is included in statements of comprehensive income and the revaluation surplus related to those assets, if any, is transferred directly to retained earnings.

4. SIGNIFICANT ACCOUNTING POLICIES (continued)**4.4 Leases**

A lease is an agreement whereby the lessor conveys to the lessee in return for a payment, or series of payments, the right asset for an agreed period of time.

(a) Operating leasesAccounting as lessee

Leases of assets where a significant portion of the risks and rewards of ownership are retained by the lessor are classified as operating leases. Payments made under operating leases are charged to statements of comprehensive income over the lease period.

Accounting as lessor

Assets leased out under operating leases are included in property, plant and equipment or investment properties, where applicable, in the statements of financial position. They are depreciated over their useful lives on bases consistent with similar owned property, plant and equipment or investment properties, where applicable. Rental income (net of any incentives given to lessees) is recognised on a straight-line basis over the lease term.

4.5 Property development activities**(a) Land held for property development**

Land held for property development is stated at cost less impairment losses, if any. Such land is classified as non-current asset when no significant development work has been carried out or where development activities are not expected to be completed within the normal operating cycle.

Cost associated with the acquisition of land includes the purchase price of the land, professional fees, stamp duties, commissions, conversion fees and other relevant levies.

Land held for property development is reclassified as property development costs at the point when development activities have commenced and where it can be demonstrated that the development activities can be completed within the normal operating cycle.

(b) Property development costs

Property development costs comprise all costs that are directly attributable to the development activities or that can be allocated on a reasonable basis to such activities. They comprise the cost of land under development, construction costs and other related development costs common to the whole project including professional fees, stamp duties, commissions, conversion fees and other relevant levies as well as borrowing costs.

4. SIGNIFICANT ACCOUNTING POLICIES (continued)**4.5 Property development activities (continued)****(b) Property development costs (continued)**

When revenue recognised in statements of comprehensive income exceeds progress billings to purchasers, the balance is classified as accrued billings under current assets. When progress billings exceed revenue recognised in statements of comprehensive income, the balance is classified as progress billings under current liabilities.

4.6 Investment properties

Investment properties are properties which are held to earn rental yields or for capital appreciation or for both and are not occupied by the Group. Investment properties also include properties that are being constructed or developed for future use as investment properties. Investment properties are initially measured at cost, which includes transaction costs. After initial recognition, investment properties are stated at fair value.

If the Group determines that the fair value of an investment property under construction is not reliably determinable but expects the fair value of the property to be reliably determinable when construction is complete, the Group shall measure that investment property under construction at cost until either its fair value becomes reliably determinable or construction is completed (whichever is earlier). Once the Group is able to measure reliably the fair value of an investment property under construction that has previously been measured at cost, the Group shall measure that property at its fair value.

The fair value of investment properties reflect among other things, rental income from current leases and other assumptions that market participants would use when pricing investment properties under current market conditions.

Fair values of investment properties are determined based on investment and comparison methods. It is performed by registered independent valuers with appropriate recognised professional qualification and has recent experience in the location and category of the investment properties being valued.

A gain or loss arising from a change in the fair value of investment properties is recognised in statements of comprehensive income for the period in which it arises.

Investment properties are derecognised when either they have been disposed of or when they are permanently withdrawn from use and no future economic benefit is expected from their disposal. The gains or losses arising from the retirement or disposal of investment property is determined as the difference between the net disposal proceeds, if any, and the carrying amount of the asset and is recognised in statements of comprehensive income in the period of the retirement or disposal.

4.7 Borrowings and borrowing costs**(a) Classification**

Borrowings are recognised initially at fair value, net of transaction costs incurred. Borrowings are subsequently carried at amortised cost; any difference between initial recognised amount and the redemption value is recognised in the statements of comprehensive income over the period of the borrowings using the effective yield method.

4. SIGNIFICANT ACCOUNTING POLICIES (continued)

4.7 Borrowings and borrowing costs (continued)

(a) Classification (continued)

Fees paid on the establishment of loan facilities are regarded as transaction costs of the loan to the extent that it is possible some or all of the facility will be drawdown. In this case, the fee is deferred until the drawdown occurs to the extent there is no evidence that it is probable that some or all the facility will be drawdown. The fee is capitalised as a prepayment for a liquidity services and amortised over the period of the facility of which it relates.

Borrowings are classified as current liabilities unless the Group has an unconditional right to defer settlement of the liability for at least 12 months after the reporting date.

(b) Capitalisation of borrowing costs

Borrowing costs directly attributable to the acquisition or production of qualifying assets, which are assets that necessarily take a substantial period of time to get ready for their intended use or sale, are added to the cost of those assets, until such time as the assets are substantially ready for their intended use or sale. Borrowing costs incurred to finance property development activities and construction contracts are accounted for in a similar manner. All other borrowing costs are expensed to the statements of comprehensive income in the period in which they are incurred.

4.8 Investments

(a) Subsidiaries

A subsidiary is an entity in which the Group and the Company are exposed, or have rights, to variable returns from its involvement with the subsidiary and have the ability to affect those returns through its power over the subsidiary.

An investment in subsidiary, which is eliminated on consolidation, is stated in the separate financial statements of the Company at cost less accumulated impairment losses, if any. Put options written over non-controlling interests on the acquisition of subsidiary shall be included as part of the cost of investment in the separate financial statements of the Company. Subsequent changes in the fair value of the written put options over non-controlling interests shall be recognised in statements of comprehensive income. Investments accounted for at cost shall be accounted for in accordance with FRS 5 *Non-current Assets Held for Sale and Discontinued Operations* when they are classified as held for sale (or included in a disposal group that is classified as held for sale) in accordance with FRS 5.

When control of a subsidiary is lost as a result of a transaction, event or other circumstance, the Group would derecognise all assets, liabilities and non-controlling interests at their carrying amount and recognise the fair value of the consideration received. Any retained interest in the former subsidiary is recognised at its fair value at the date control is lost. The resulting difference is recognised as a gain or loss in statements of comprehensive income.

4. SIGNIFICANT ACCOUNTING POLICIES (continued)**4.8 Investments (continued)****(b) Associate**

An associate is an entity over which the Group and the Company have significant influence and that is neither a subsidiary nor an interest in a joint arrangement. Significant influence is the power to participate in the financial and operating policy decisions of the investee but is neither control nor joint control over those policies.

In the separate financial statements of the Company, an investment in associate is stated at cost less impairment losses.

An investment in associate is accounted for in the consolidated financial statements using the equity method of accounting. The investment in associate in the consolidated statements of financial position is initially recognised at cost and adjusted thereafter for the post acquisition change in the share of net assets of the investments of the Group.

The interest in an associate is the carrying amount of the investment in the associate under the equity method together with any long term interest that, in substance, form part of the net investment in the associate of the Group.

The share of the profit or loss of the associate by the Group during the financial year is included in the consolidated financial statements, after adjustments to align the accounting policies with those of the Group, from the date that significant influence commences until the date that significant influence ceases. Distributions received from the associate reduce the carrying amount of the investment. Adjustments to the carrying amount could also be necessary for changes in the proportionate interest of the Group in the associate arising from changes in the associate's equity that have not been recognised in the associate's statement of comprehensive income. Such changes include those arising from the revaluation of property, plant and equipment and from foreign exchange translation differences. The share of those changes by the Group is recognised directly in equity of the Group.

When the share of losses of the Group in the associate equals to or exceeds its interest in the associate, the carrying amount of that interest is reduced to nil and the Group does not recognise further losses unless it has incurred legal or constructive obligations or made payments on its behalf.

The most recent available financial statements of the associate are used by the Group in applying the equity method. When the end of the reporting periods of the financial statements are not coterminous, the share of results is arrived at using the latest audited financial statements for which the difference in end of the reporting periods is no more than three months. Adjustments are made for the effects of any significant transactions or events that occur between the intervening periods.

When the Group ceases to have significant influence over an associate, any retained interest in the former associate at the date when significant influence is lost is measured at fair value and this amount is regarded as the initial carrying amount of a financial asset. The difference between the fair value of any retained interest plus proceeds from the interest disposed of and the carrying amount of the investment at the date when equity method is discontinued is recognised in the statements of comprehensive income.

4. SIGNIFICANT ACCOUNTING POLICIES (continued)**4.8 Investments (continued)****(b) Associate (continued)**

When the interest of the Group in an associate decreases but does not result in a loss of significant influence, any retained interest is not re-measured. Any gain or loss arising from the decrease in interest is recognised in statements of comprehensive income. Any gains or losses previously recognised in other comprehensive income are also reclassified proportionately to the statements of comprehensive income if that gain or loss would be required to be reclassified to statements of comprehensive income on the disposal of the related assets or liabilities.

4.9 Goodwill

Goodwill recognised in a business combination is an asset at the acquisition date and is initially measured at cost being the excess of the sum of the consideration transferred, the amount of any non-controlling interest in the acquiree and the fair value of the acquirer’s previously held equity interest (if any) in the entity over net of the acquisition-date amounts of the identifiable assets acquired and the liabilities assumed. If, after reassessment, the interest of the Group in the fair value of the acquiree’s identifiable net assets exceeds the sum of the consideration transferred, the amount of any non-controlling interest in the acquiree and the fair value of the acquirer’s previously held equity interest in the acquiree (if any), the excess is recognised immediately in statements of comprehensive income as a bargain purchase gain.

After initial recognition, goodwill is measured at cost less accumulated impairment losses, if any. Goodwill is not amortised but instead tested for impairment annually or more frequently if events or changes in circumstances indicate that the carrying amount could be impaired. Objective events that would trigger a more frequent impairment review include adverse industry or economic trends, significant restructuring actions, significantly lowered projections of profitability or a sustained decline in the acquiree’s market capitalisation. Gains and losses on the disposal of an entity include the carrying amount of goodwill relating to the entity sold.

Goodwill arising on acquisition of an associate is the excess of cost of investment over the share of the net fair value of net assets of the associates’ identifiable assets and liabilities by the Group at the date of acquisition.

Goodwill relating to the associate is included in the carrying amount of the investment and is not amortised. The excess of the share of the net fair value of the associate’s identifiable assets and liabilities by the Group over the cost of investment is included as income in the determination of the share of the associate’s statement of comprehensive income by the Group in the period in which the investment is acquired.

4.10 Impairment of non-financial assets

The carrying amount of assets, except for financial assets (excluding investments in subsidiaries and associates), inventories, deferred tax assets and investment properties measured at fair value, are reviewed at the end of each reporting period to determine whether there is any indication of impairment. If any such indication exists, the asset’s recoverable amount is estimated.

4. SIGNIFICANT ACCOUNTING POLICIES (continued)**4.10 Impairment of non-financial assets (continued)**

Goodwill that has an indefinite useful life are tested annually for impairment or more frequently if events or changes in circumstances indicate that the goodwill might be impaired.

The recoverable amount of an asset is estimated for an individual asset. Where it is not possible to estimate the recoverable amount of the individual asset, the impairment test is carried out on the cash generating unit ('CGU') to which the asset belongs. Goodwill acquired in a business combination is from the acquisition date, allocated to each of the CGU or groups of CGU of the Group that are expected to benefit from the synergies of the combination giving rise to the goodwill irrespective of whether other assets or liabilities of the acquiree are assigned to those units or groups of units.

Goodwill acquired in a business combination shall be tested for impairment as part of the impairment testing of CGU to which it relates. The CGU to which goodwill is allocated shall represent the lowest level within the Group at which the goodwill is monitored for internal management purposes and not larger than an operating segment determined in accordance with FRS 8 *Operating Segments*.

The recoverable amount of an asset or CGU is the higher of its fair value less cost to sell and its value in use.

In estimating the value in use, the estimated future cash inflows and outflows to be derived from continuing use of the asset and from its ultimate disposal 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 for which the future cash flow estimates have not been adjusted. An impairment loss is recognised in statements of comprehensive income when the carrying amount of the asset or the CGU, including the goodwill, exceeds the recoverable amount of the asset or the CGU. The total impairment loss is allocated, first, to reduce the carrying amount of any goodwill allocated to the CGU and then to the other assets of the CGU on a pro-rata basis of the carrying amount of each asset in the CGU.

The impairment loss is recognised in statements of comprehensive income immediately except for the impairment on a revalued asset where the impairment loss is recognised directly against the revaluation reserve to the extent of the surplus credited from the previous revaluation for the same asset with the excess of the impairment loss charged to statements of comprehensive income.

An impairment loss on goodwill is not reversed in subsequent periods. An impairment loss for other assets is reversed if, and only if, there has been a change in the estimates used to determine the assets' recoverable amount since the last impairment loss was recognised.

An impairment loss is reversed only to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined, net of depreciation or amortisation, if no impairment loss had been recognised.

Such reversals are recognised as income immediately in statements of comprehensive income except for the reversal of an impairment loss on a revalued asset where the reversal of the impairment loss is treated as a revaluation increase and credited to the revaluation reserve account of the same asset. However, to the extent that an impairment loss on the same revalued asset was previously recognised in statements of comprehensive income, a reversal of that impairment loss is also recognised in statements of comprehensive income.

4. SIGNIFICANT ACCOUNTING POLICIES (continued)**4.11 Inventories****(a) Completed properties held for sale**

Completed properties held for sale are stated at the lower of cost and net realisable value. Cost consists of cost associated with the acquisition of land, direct costs and appropriate proportions of common costs attributable to developing the properties to completion.

(b) Consumables

Consumables are stated at the lower of cost and net realisable value.

Cost is determined using the first in, first out formula. The cost comprises all costs of purchase, cost of conversion plus other costs incurred in bringing the inventories to their present location and condition.

Net realisable value is the estimated selling price in the ordinary course of business, less the estimated costs of completion and the estimated costs necessary to make the sale.

4.12 Financial instruments

A financial instrument is any contract that gives rise to a financial asset of one enterprise and a financial liability or equity instrument of another enterprise.

A financial asset is any asset that is cash, an equity instrument of another enterprise, a contractual right to receive cash or another financial asset from another enterprise, or a contractual right to exchange financial assets or financial liabilities with another enterprise under conditions that are potentially favourable to the Group.

A financial liability is any liability that is a contractual obligation to deliver cash or another financial asset to another enterprise, or a contractual obligation to exchange financial assets or financial liabilities with another enterprise under conditions that are potentially unfavourable to the Group.

Financial instruments are recognised on the statements of financial position when the Group has become a party to the contractual provisions of the instrument. At initial recognition, a financial instrument is recognised at fair value plus, in the case of a financial instrument not at fair value through profit or loss, transaction costs that are directly attributable to the acquisition or issuance of the financial instrument.

An embedded derivative is separated from the host contract and accounted for as a derivative if, and only if the economic characteristics and risks of the embedded derivative is not closely related to the economic characteristics and risks of the host contract, a separate instrument with the same terms as the embedded derivative meets the definition of a derivative, and the hybrid instrument is not measured at fair value through profit or loss.

4. SIGNIFICANT ACCOUNTING POLICIES (continued)**4.12 Financial instruments (continued)****(a) Financial assets**

A financial asset is classified into the following four categories after initial recognition for the purpose of subsequent measurement:

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

Financial assets at fair value through profit or loss comprise financial assets that are held for trading (i.e. financial assets acquired principally for the purpose of resale in the near term), derivatives (both, freestanding and embedded) and financial assets that were specifically designated into this classification upon initial recognition.

Subsequent to initial recognition, financial assets classified as at fair value through profit or loss are measured at fair value. Any gains or losses arising from changes in the fair value of financial assets classified as at fair value through profit or loss are recognised in statements of comprehensive income. Net gains or losses on financial assets classified as at fair value through profit or loss exclude foreign exchange gains and losses, interest and dividend income. Such income is recognised separately in statements of comprehensive income as components of other income or other operating losses.

However, derivatives that is linked to and must be settled by delivery of unquoted equity instruments that do not have a quoted market price in an active market are recognised at cost.

(ii) Held-to-maturity investments

Financial assets classified as held-to-maturity comprise non-derivative financial assets with fixed or determinable payments and fixed maturity that the Group has the positive intention and ability to hold to maturity.

Subsequent to initial recognition, financial assets classified as held-to-maturity are measured at amortised cost using the effective interest method. Gains or losses on financial assets classified as held-to-maturity are recognised in statements of comprehensive income when the financial assets are derecognised or impaired, and through the amortisation process.

(iii) Loans and receivables

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

Subsequent to initial recognition, financial assets classified as loans and receivables are measured at amortised cost using the effective interest method. Gains or losses on financial assets classified as loans and receivables are recognised in statements of comprehensive income when the financial assets are derecognised or impaired, and through the amortisation process.

4. SIGNIFICANT ACCOUNTING POLICIES (continued)**4.12 Financial instruments (continued)****(a) Financial assets (continued)****(iv) Available-for-sale financial assets**

Financial assets classified as available-for-sale comprise non-derivative financial assets that are designated as available for sale or are not classified as loans and receivables, held-to-maturity investments or financial assets at fair value through profit or loss.

Subsequent to initial recognition, financial assets classified as available-for-sale are measured at fair value. Any gains or losses arising from changes in the fair value of financial assets classified as available-for-sale are recognised directly in other comprehensive income, except for impairment losses and foreign exchange gains and losses, until the financial asset is derecognised, at which time the cumulative gains or losses previously recognised in other comprehensive income are recognised in statements of comprehensive income. However, interest calculated using the effective interest method is recognised in statements of comprehensive income whilst dividends on available-for-sale equity instruments are recognised in statements of comprehensive income when the right of the Group to receive payment is established.

Cash and cash equivalents include cash and bank balances, bank overdrafts, fixed deposits pledged to financial institutions, deposits and other short term, highly liquid investments with original maturities of three months or less, which are readily convertible to cash and are subject to insignificant risk of changes in value.

A financial asset is derecognised when the contractual right to receive cash flows from the financial asset has expired. On derecognition of a financial asset in its entirety, the difference between the carrying amount and the sum of consideration received (including any new asset obtained less any new liability assumed) and any cumulative gain or loss that had been recognised directly in other comprehensive income shall be recognised in statements of comprehensive income.

A regular way purchase or sale is a purchase or sale of a financial asset under a contract whose terms require delivery of the asset within the time frame established generally by regulation or marketplace convention. A regular way purchase or sale of financial assets shall be recognised and derecognised, as applicable, using trade date accounting.

(b) Financial liabilities

Financial instruments are classified as liabilities or equity in accordance with the substance of the contractual arrangement. A financial liability is classified into the following two categories after initial recognition for the purpose of subsequent measurement:

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

Financial liabilities at fair value through profit or loss comprise financial liabilities that are held for trading, derivatives (both, freestanding and embedded) and financial liabilities that were specifically designated into this classification upon initial recognition.

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4. SIGNIFICANT ACCOUNTING POLICIES (continued)**4.12 Financial instruments (continued)****(b) Financial liabilities (continued)****(i) Financial liabilities at fair value through profit or loss (continued)**

Subsequent to initial recognition, financial liabilities classified as at fair value through profit or loss are measured at fair value. Any gains or losses arising from changes in the fair value of financial liabilities classified as at fair value through profit or loss are recognised in statements of comprehensive income. Net gains or losses on financial liabilities classified as at fair value through profit or loss exclude foreign exchange gains and losses, interest and dividend income. Such income is recognised separately in statements of comprehensive income as components of other income or other operating losses.

(ii) Other financial liabilities

Financial liabilities classified as other financial liabilities comprise non-derivative financial liabilities that are neither held for trading nor initially designated as at fair value through profit or loss.

Subsequent to initial recognition, other financial liabilities are measured at amortised cost using the effective interest method. Gains or losses on other financial liabilities are recognised in statements of comprehensive income when the financial liabilities are derecognised and through the amortisation process.

A financial liability is derecognised when, and only when, it is extinguished, i.e. when the obligation specified in the contract is discharged or cancelled or expires. An exchange between an existing borrower and lender of debt instruments with substantially different terms are accounted for as an extinguishment of the original financial liability and the recognition of a new financial liability. Similarly, a substantial modification of the terms of an existing financial liability is accounted for as an extinguishment of the original financial liability and the recognition of a new financial liability.

Any difference between the carrying amount of a financial liability extinguished or transferred to another party and the consideration paid, including any non-cash assets transferred or liabilities assumed, is recognised in statements of comprehensive income.

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 in accordance with the original or modified terms of a debt instrument.

(c) Equity

An equity instrument is any contract that evidences a residual interest in the assets of the Group and the Company after deducting all of its liabilities. Ordinary shares are classified as equity instruments.

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4. SIGNIFICANT ACCOUNTING POLICIES (continued)**4.12 Financial instruments (continued)****(c) Equity (continued)**

Ordinary shares are recorded at the nominal value and proceeds in excess of the nominal value of shares issued, if any, are accounted for as share premium. Both ordinary shares and share premium are classified as equity. Transaction costs of an equity transaction are accounted for as a deduction from equity, net of any related income tax benefit. Otherwise, they are charged to statements of comprehensive income.

Interim dividends to shareholders are recognised in equity in the period in which they are declared. Final dividends are recognised upon the approval of shareholders in a general meeting.

The Group measures a liability to distribute non-cash assets as a dividend to the owners of the Company at the fair value of the assets to be distributed. The carrying amount of the dividend is remeasured at each reporting date and at the settlement date, with any changes recognised directly in equity as adjustments to the amount of the distribution. On settlement of the transaction, the Group recognises the difference, if any, between the carrying amount of the assets distributed and the carrying amount of the liability in statements of comprehensive income.

When the Group repurchases its own shares, the shares repurchased would be accounted for using the treasury stock method.

Where the treasury stock method is applied, the shares repurchased and held as treasury shares shall be measured and carried at the cost of repurchase on initial recognition and subsequently. It shall not be revalued for subsequent changes in the fair value or market price of the shares.

The carrying amount of the treasury shares shall be offset against equity in the statements of financial position. To the extent that the carrying amount of the treasury shares exceeds the share premium account, it shall be considered as a reduction of any other reserves as may be permitted by the Main Market Listing Requirements.

No gain or loss is recognised in statements of comprehensive income on the purchase, sale, issue or cancellation of the own equity instruments of the Company. If such shares are issued by resale, any difference between the sales consideration and the carrying amount is shown as a movement in equity.

4.13 Impairment of financial assets

The Group assesses whether there is any objective evidence that a financial asset is impaired at the end of each reporting period.

(a) Loans and receivables

The Group collectively considers factors such as the probability of bankruptcy or significant financial difficulties of the receivable, and default or significant delay in payments by the receivable, to determine whether there is objective evidence that an impairment loss on loans and receivables has occurred. Other objective evidence of impairment include historical collection rates determined on an individual basis and observable changes in national or local economic conditions that are directly correlated with the historical default rates of receivables.

4. SIGNIFICANT ACCOUNTING POLICIES (continued)**4.13 Impairment of financial assets (continued)****(a) Loans and receivables (continued)**

If any such objective evidence exists, the amount of impairment loss is measured as the difference between the financial 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 statements of comprehensive income.

The carrying amount of loans and receivables is reduced through the use of an allowance account.

If in a subsequent period, the amount of the impairment loss decreases and it objectively relates 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 impairment reversed is recognised in statements of comprehensive income.

(b) Available-for-sale financial assets

The Group collectively considers factors such as significant or prolonged decline in fair value below cost, significant financial difficulties of the issuer or obligor, and the disappearance of an active trading market as objective evidence that available-for-sale financial assets are impaired.

If any such objective evidence exists, an amount comprising the difference between the financial asset's cost (net of any principal payment and amortisation) and current fair value, less any impairment loss previously recognised in statements of comprehensive income, is transferred from equity to statements of comprehensive income.

Impairment losses in respect of unquoted equity instrument that is carried at cost is recognised in statements of comprehensive income and is measured as the difference between the financial asset's carrying amount and the present value of estimated future cash flows discounted at the current market rate of return for a similar financial asset.

Impairment losses on available-for-sale equity investments are not reversed in statements of comprehensive income in subsequent periods. Instead, any increase in the fair value subsequent to the impairment loss is recognised in other comprehensive income.

Impairment losses on available-for-sale debt investments are subsequently reversed in statements of comprehensive income if the increase in the fair value of the investment can be objectively related to an event occurring after the recognition of the impairment loss in statements of comprehensive income.

4. SIGNIFICANT ACCOUNTING POLICIES (continued)**4.14 Income taxes**

Income taxes include all domestic and foreign taxes on taxable profit. Income taxes also include other taxes, such as withholding taxes and real property gains taxes payable on disposal of properties, if any.

Taxes in the statements of comprehensive income comprise current tax and deferred tax.

(a) Current tax

Current tax expenses are determined according to the tax laws of each jurisdiction in which the Group operates and include all taxes based upon the taxable profits (including withholding taxes) and real property gains taxes payable on disposal of properties, if any.

(b) Deferred tax

Deferred tax is recognised in full using the liability method on temporary differences arising between the carrying amount of an asset or liability in the statements of financial position and its tax base.

Deferred tax is recognised for all temporary differences, unless the deferred tax arises from goodwill or the initial recognition of an asset or liability in a transaction which is not a business combination and at the time of transaction, affects neither accounting profit nor taxable profit.

A deferred tax asset is recognised only to the extent that it is probable that future taxable profits would be available against which the deductible temporary differences, unused tax losses and unused tax credits can be utilised. The carrying amount of a deferred tax asset is reviewed at the end of each reporting period. If it is no longer probable that sufficient taxable profits would be available to allow the benefit of part or all of that deferred tax asset to be utilised, the carrying amount of the deferred tax asset would be reduced accordingly. When it becomes probable that sufficient taxable profits would be available, such reductions would be reversed to the extent of the taxable profits.

Deferred tax assets and liabilities are offset when there is a legally enforceable right to set off current tax assets against current tax liabilities and when the deferred income taxes relate to the same taxation authority on either:

- (i) the same taxable entity; or
- (ii) different taxable entities which intend either to settle current tax liabilities and assets on a net basis, or to realise the assets and settle the liabilities simultaneously, in each future period in which significant amounts of deferred tax liabilities or assets are expected to be settled or recovered.

Deferred tax would be recognised as income or expense and included in statements of comprehensive income for the period unless the tax relates to items that are credited or charged, in the same or a different period, directly to equity, in which case the deferred tax would be charged or credited directly to equity.

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply to the year when the asset is realised or the liability is settled, based on the announcement of tax rates and tax laws by the Government in the annual budgets which have the substantive effect of actual enactment by the end of the reporting period.

4. SIGNIFICANT ACCOUNTING POLICIES (continued)**4.15 Provisions**

Provisions are recognised when there is a present obligation, legal or constructive, as a result of a past event, and when it is probable that an outflow of resources embodying economic benefits would be required to settle the obligation and a reliable estimate can be made of the amount of the obligation.

If the effect of the time value of money is material, the amount of a provision would be discounted to its present value at a pre-tax rate that reflects current market assessments of the time value of money and the risks specific to the liability.

Provisions are reviewed at the end of each reporting period and adjusted to reflect the current best estimate. If it is no longer probable that an outflow of resources embodying economic benefits would be required to settle the obligation, the provision would be reversed.

Provisions are not recognised for future operating losses. If the Group has a contract that is onerous, the present obligation under the contract shall be recognised and measured as a provision.

4.16 Contingent liabilities and contingent assets

A contingent liability is a possible obligation that arises from past events whose existence would be confirmed by the occurrence or non-occurrence of one or more uncertain future events beyond the control of the Group or a present obligation that is not recognised because it is not probable that an outflow of resources would be required to settle the obligation. A contingent liability also arises in extremely rare cases where there is a liability that cannot be recognised because it cannot be measured reliably. The Group does not recognise a contingent liability but discloses its existence in the financial statements.

A contingent asset is a possible asset that arises from past events whose existence would be confirmed by the occurrence or non-occurrence of one or more uncertain future events beyond the control of the Group. The Group does not recognise a contingent asset but discloses its existence where the inflows of economic benefits are probable, but not virtually certain.

In the acquisition of subsidiaries by the Group under business combinations, contingent liabilities assumed are measured initially at their fair value at the acquisition date.

4.17 Employee benefits**(a) Short term employee benefits**

Wages, salaries, social security contributions, paid annual leave, paid sick leave, bonuses and non-monetary benefits are measured on an undiscounted basis and are expensed when employees rendered their services to the Group.

Short term accumulating compensated absences such as paid annual leave are recognised as an expense when employees render services that increase their entitlement to future compensated absences. Short term non-accumulating compensated absences such as sick leave are recognised when the absences occur and they lapse if the current period's entitlement is not used in full and do not entitle employees to a cash payment for unused entitlement on leaving the Group.

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4. SIGNIFICANT ACCOUNTING POLICIES (continued)**4.17 Employee benefits (continued)****(a) Short term employee benefits (continued)**

Bonuses are recognised as an expense when there is a present, legal or constructive obligation to make such payments, as a result of past events and when a reliable estimate can be made of the amount of the obligation.

(b) Defined contribution plans

The Company and its subsidiaries incorporated in Malaysia make contributions to a statutory provident fund. The contributions are recognised as a liability after deducting any contribution already paid and as an expense in the period in which the employees render their services.

4.18 Foreign currencies**(a) Functional and presentation currency**

Items included in the financial statements of each of the entities of the Group are measured using the currency of the primary economic environment in which the entity operates ('the functional currency'). The consolidated financial statements are presented in Ringgit Malaysia ('RM'), which is the functional and presentation currency of the Company.

(b) Foreign currency transactions and balances

Transactions in foreign currencies are converted into the functional currency at rates of exchange ruling at the transaction dates. Monetary assets and liabilities in foreign currencies at the end of the reporting period are translated into the functional currency at rates of exchange ruling at that date. All exchange differences arising from the settlement of foreign currency transactions and from the translation of foreign currency monetary assets and liabilities are included in statements of comprehensive income in the period in which they arise. Non-monetary items initially denominated in foreign currencies, which are carried at historical cost are translated using the historical rate as of the date of acquisition, and non-monetary items, which are carried at fair value are translated using the exchange rate that existed when the values were determined for presentation currency purposes.

(c) Foreign operations

Financial statements of foreign operations are translated at end of the reporting period exchange rates with respect to their assets and liabilities, and at exchange rates at the dates of the transactions with respect to the statements of comprehensive income. All resulting translation differences are recognised as a separate component of equity.

Exchange differences arising on a monetary item that forms part of the net investment of the Company in a foreign operation shall be recognised in statements of comprehensive income in the separate financial statements of the Company or the foreign operation, as appropriate. In the consolidated financial statements, such exchange differences shall be recognised initially as a separate component of equity and recognised in statements of comprehensive income upon disposal of the net investment.

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4. SIGNIFICANT ACCOUNTING POLICIES (continued)**4.18 Foreign currencies (continued)****(c) Foreign operations (continued)**

Goodwill and fair value adjustments to the assets and liabilities arising from the acquisition of a foreign operation are treated as assets and liabilities of the acquired entity and translated at the exchange rate ruling at the end of each reporting period.

4.19 Revenue recognition

Revenue is measured at the fair value of the consideration received or receivables, net of discounts and rebates.

Revenue is recognised to the extent that it is probable that the economic benefits associated with the transaction would flow to the Group, and the amount of revenue and the cost incurred or to be incurred in respect of the transaction can be reliably measured and specific recognition criteria have been met, as follows:

(a) Property development

Property development revenue is recognised in respect of all development units that have been sold. Revenue recognition commences when the sale of the development unit is effected, upon the commencement of development and construction activities and when the financial outcome can be reliably estimated. The attributable portion of property development cost is recognised as an expense in the period in which the related revenue is recognised. The amount of such revenue and expenses recognised is determined by reference to the stage of completion of development activity at the end of the reporting period. The stage of completion is measured by reference to the proportion that property development costs incurred for work performed to date bear to the estimated total property development cost.

When the financial outcome of a development activity cannot be reliably estimated, the property development revenue is recognised only to the extent of property development costs incurred that is probable to be recoverable and the property development costs on the development units sold are recognised as an expense in the period in which they are incurred.

Any expected loss on a development project is recognised as an expense immediately, including costs to be incurred over the defects liability period.

(b) Rental income

Rental income is accounted for on a straight line basis over the lease term of an ongoing lease. The aggregate cost of incentives provided to the lessee is recognised as reduction of rental income over the lease term on a straight line basis.

(c) Maintenance fee

Maintenance fee is accounted for on an accrual basis.

4. SIGNIFICANT ACCOUNTING POLICIES (continued)**4.19 Revenue recognition (continued)****(d) Income from leisure activities**

Revenue from promotion, marketing and management of events, leisure and other tourism related activities is recognised when services are rendered.

(e) Sales of goods

Revenue from sale of goods is recognised when significant risks and rewards of ownership of the goods have been transferred to the customer and where the Group does not have continuing managerial involvement over the goods, which coincides with the delivery of goods and acceptance by customers.

(f) Services

Revenue from the provision of services in relation to management of network and telephony as well as development of MSC Cybercentre and Technopreneur Campus is recognised when services are rendered.

(g) Completed properties held for sale

Revenue from the sales of completed properties held for sale is recognised as and when the transfer of significant risks and rewards of ownership to the buyer upon signing of sale and purchase agreement has been completed.

(h) Dividend income

Dividend income is recognised when the right to receive payment is established.

(i) Interest income

Interest income is recognised as it accrues, using the effective interest method.

4.20 Earnings per share**(a) Basic**

Basic earnings per ordinary share for the financial year is calculated by dividing the profit for the financial year attributable to equity holders of the parent by the weighted average number of ordinary shares outstanding during the financial year.

(b) Diluted

Diluted earnings per ordinary share for the financial year is calculated by dividing the profit for the financial year attributable to equity holders of the parent by the weighted average number of ordinary shares outstanding during the financial year adjusted for the effects of dilutive potential ordinary shares.

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4. SIGNIFICANT ACCOUNTING POLICIES (continued)**4.21 Operating segments**

Operating segments are defined as components of the Group that:

- (a) engages in business activities from which it could earn revenues and incur expenses (including revenues and expenses relating to transactions with other components of the Group);
- (b) whose operating results are regularly reviewed by the chief operating decision makers of the Group (i.e. the Directors) in making decisions about resources to be allocated to the segment and assessing its performance; and
- (c) for which discrete financial information is available.

An operating segment may engage in business activities for which it has yet to earn revenues.

The Group reports separately information about each operating segment that meets any of the following quantitative thresholds:

- (a) Its reported revenue, including both sales to external customers and intersegment sales or transfers, is 10 per cent or more of the combined revenue, internal and external, of all operating segments.
- (b) The absolute amount of its reported profit or loss is 10 per cent or more of the greater, in absolute amount of:
 - (i) the combined reported profit of all operating segments that did not report a loss; and
 - (ii) the combined reported loss of all operating segments that reported a loss.
- (c) Its assets are 10 per cent or more of the combined assets of all operating segments.

Operating segments that do not meet any of the quantitative thresholds may be considered reportable, and separately disclosed, if the management believes that information about the segment would be useful to users of the financial statements.

Total external revenue reported by operating segments shall constitute at least 75 percent of the revenue of the Group. Operating segments identified as reportable segments in the current financial year in accordance with the quantitative thresholds would result in a restatement of prior period segment data for comparative purposes.

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5. ADOPTION OF NEW FRSs AND AMENDMENT TO FRSs
5.1 New FRSs adopted during the financial year

The Group and the Company adopted the following accounting standards, amendments and interpretations of the FRS Framework that were issued by the Malaysian Accounting Standards Board ('MASB') during the financial year.

Title	Effective Date
Amendments to FRS 101 <i>Presentation of Items of Other Comprehensive Income</i>	1 July 2012
FRS 10 <i>Consolidated Financial Statements</i>	1 January 2013
FRS 11 <i>Joint Arrangements</i>	1 January 2013
FRS 12 <i>Disclosure of Interests in Other Entities</i>	1 January 2013
FRS 13 <i>Fair Value Measurement</i>	1 January 2013
FRS 119 <i>Employee Benefits (2011)</i>	1 January 2013
FRS 127 <i>Separate Financial Statements</i>	1 January 2013
FRS 128 <i>Investments in Associates and Joint Ventures</i>	1 January 2013
Amendments to FRS 7 <i>Disclosures – Offsetting Financial Assets and Financial Liabilities</i>	1 January 2013
Amendments to FRSs <i>Annual Improvements 2009 – 2011 Cycle</i>	1 January 2013
Amendments to FRS 10, FRS 11 and FRS 12 <i>Consolidated Financial Statements, Joint Arrangements and Disclosure of Interests in Other Entities: Transition Guidance</i>	1 January 2013

The adoption of the above accounting standards, amendments and interpretations of the FRS Framework had no material impact on the financial statements of the Group and the Company.

5.2 New FRSs that have been issued, but only effective for annual periods beginning on or after 1 January 2014

The following are accounting standards, amendments and interpretations of the FRS Framework that have been issued by the Malaysian Accounting Standards Board ('MASB') but have not been early adopted by the Group and the Company.

Title	Effective Date
Amendments to FRS 10 <i>Consolidated Financial Statements: Investment Entities</i>	1 January 2014
Amendments to FRS 12 <i>Disclosure of Interest in Other Entities: Investment Entities</i>	1 January 2014
Amendments to FRS 127 <i>Separate Financial Statements (2011): Investment Entities</i>	1 January 2014
Amendments to FRS 132 <i>Offsetting Financial Assets and Financial Liabilities</i>	1 January 2014
Amendments to FRS 136 <i>Recoverable Amount Disclosures for Non-financial Assets</i>	1 January 2014
<i>Defined Benefit Plans: Employee Contributions</i> (Amendments to FRS 119)	1 July 2014
Amendments to FRSs <i>Annual Improvements 2010 – 2012 Cycle</i>	1 July 2014
Amendments to FRSs <i>Annual Improvements 2011 – 2013 Cycle</i>	1 July 2014
<i>Mandatory Effective Date of FRS 9 and Transition Disclosures</i>	Deferred
FRS 9 <i>Financial Instruments (2009)</i>	Deferred
FRS 9 <i>Financial Instruments (2010)</i>	Deferred
FRS 9 <i>Financial Instruments (Hedge Accounting and Amendments to FRS 9, FRS 7 and FRS 139)</i>	Deferred

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5. ADOPTION OF NEW FRSs AND AMENDMENT TO FRSs (continued)**5.2 New FRSs that have been issued, but only effective for annual periods beginning on or after 1 January 2014 (continued)**

The Group is in the process of assessing the impact of implementing these accounting standards, amendments and interpretations, since the effect would only be observable for the future financial years.

6. SIGNIFICANT ACCOUNTING ESTIMATES AND JUDGEMENTS**6.1 Changes in estimates**

Estimates are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances.

The Directors are of the opinion that there are no significant changes in estimates during the reporting period and at the end of the reporting period.

6.2 Critical judgements made in applying accounting policies

The following are judgements made by management in the process of applying the accounting policies of the Group that have the most significant effect on the amounts recognised in the financial statements.

(a) Classification between investment properties and property and plant and equipment

The Group has developed certain criteria based on FRS 140 in making judgement whether a property qualifies as an investment property. Investment property is a property held to earn rentals or for capital appreciation or both.

Some properties comprise a portion that is held to earn rentals or for capital appreciation and another portion that is held for use in the production or supply of goods or services or for administrative purposes. If these portions could be sold separately (or leased out separately under a finance lease), the Group would account for the portions separately. If the portions could not be sold separately, the property is an investment property only if an insignificant portion is held for use in the production or supply of goods or services or for administrative purposes. Judgement is made on an individual property basis to determine whether ancillary services are so significant that a property does not qualify as investment property.

(b) Operating lease commitments - the Group as lessor

The Group has entered into commercial property leases on its investment property portfolio. The Group has determined that it retains all the significant risks and rewards of ownership of these properties which are leased out as operating leases.

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6. SIGNIFICANT ACCOUNTING ESTIMATES AND JUDGEMENTS (continued)**6.3 Key sources of estimation uncertainty**

The following are key assumptions concerning the future and other key sources of estimation uncertainty at the end of the reporting period that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year.

(a) Property development

The Group recognises revenue from property development and the related expenses in statements of comprehensive income by using the stage of completion method. The percentage of completion is determined by the proportion that property development costs incurred for work performed to date compares to the estimated total property development costs.

Significant judgement is required in determining the stage of completion, the extent of the property development costs incurred, the estimated total property development revenue and costs, as well as the recoverability of the development projects. The property development also includes an estimation of variation works that are recoverable from customers. In making the judgement, the Group evaluates by relying on past experience and the work of specialists.

(b) Useful lives of property, plant and equipment

The Group estimates the useful lives of property, plant and equipment at the time the assets are acquired based on historical experience, the expected usage, wear and tear of the assets, and technical obsolescence arising from changes in the market demands or service output of the assets. The estimated useful lives of property, plant and equipment are reviewed periodically and are updated if expectations differ from previous estimates due to changes in factors mentioned above. Changes in these factors could impact the useful lives and the residual values of the assets, therefore future depreciation charges could be revised.

(c) Impairment of assets

The Group assesses whether there are any indicators of impairment for its assets at the end of each reporting period. Assets are tested for impairment when there are indicators that the carrying amounts may not be recoverable. Such assessment requires management to make an estimate of the recoverable amounts and where expectations differ from the original estimates, the differences will impact the carrying amounts of assets. In assessing such impairment, the recoverable amount of the assets is estimated using the latest available fair value after taking into account the costs to sell or expected value in use of the relevant assets.

6. SIGNIFICANT ACCOUNTING ESTIMATES AND JUDGEMENTS (continued)**6.3 Key sources of estimation uncertainty (continued)****(d) Fair value of investment properties**

Fair values of investment properties are determined based on investment and comparison methods. It is performed by registered independent valuers with appropriate recognised professional qualification and has recent experience in the location and category of the investment properties being valued.

(e) Impairment of receivables

The Group makes impairment of receivables based on an assessment of the recoverability of receivables. Impairment is applied to receivables where events or changes in circumstances indicate that the carrying amounts may not be recoverable. The management specifically analyses historical bad debt, receivable creditworthiness, current economic trends and changes in receivable payment terms when making a judgement to evaluate the adequacy of impairment of receivables. Where expectations differ from the original estimates, the differences would impact the carrying value of receivables.

(f) Impairment of investments in subsidiaries and associates and amounts owing by subsidiaries and associates

The Company reviews the investments in subsidiaries and associates for impairment when there is an indication of impairment and assess the impairment of receivables on the amounts owing by subsidiaries and associates when the receivables are long outstanding.

The recoverable amounts of the investments in subsidiaries and associates and amounts owing by subsidiaries and associates are assessed by reference to the value in use of the respective subsidiaries and associates.

The value in use is the net present value of the projected future cash flows derived from the business operations of the respective subsidiaries and associates discounted at an appropriate discount rate. For such discounted cash flow method, it involves the use of estimated future results and a set of assumptions to reflect their income and cash flows. Judgement had also been used to determine the discount rate for the cash flows and the future growth of the businesses of the subsidiaries and associates.

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7. PROPERTY, PLANT AND EQUIPMENT

Group	Balance as at 1.1.2013 RM	Additions RM	Transfer from investment properties (Note 8) RM	Disposals RM	Translation adjustments RM	Written off RM	Depreciation charge for the financial year RM	Balance as at 31.12.2013 RM	[----- At 31.12.2013 -----]			
									Cost RM	Accumulated depreciation RM	Carrying amount RM	
Carrying amount												
Sales gallery	1,808,887	98,602	-	-	-	-	(438,604)	1,468,885				
Office equipment, furniture, fittings and fixtures and renovation	1,750,231	2,108,789	-	-	15	(23,458)	(1,121,810)	2,713,767				
Motor vehicles	222,552	350,620	-	(73,650)	-	-	(134,913)	364,609				
Plant and equipment	36,790,061	12,695,218	-	-	-	(1,906,381)	(11,281,690)	36,297,208				
Hotel properties under construction	2,845,008	3,838,028	7,380,635	-	-	-	-	14,063,671				
Construction-in-progress	8,817,794	1,294,105	-	-	-	-	-	10,111,899				
	52,234,533	20,385,362	7,380,635	(73,650)	15	(1,929,839)	(12,977,017)	65,020,039				
Sales gallery									2,213,402	(744,517)	-	1,468,885
Office equipment, furniture, fittings and fixtures and renovation									12,120,018	(9,406,266)	15	2,713,767
Motor vehicles									1,102,129	(737,520)	-	364,609
Plant and equipment									51,813,167	(15,515,959)	-	36,297,208
Hotel properties under construction									14,063,671	-	-	14,063,671
Construction-in-progress									10,111,899	-	-	10,111,899
	91,424,286	(26,404,262)	15	(12,977,017)	15	(1,929,839)	(12,977,017)	65,020,039				

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7. PROPERTY, PLANT AND EQUIPMENT (continued)

Company	Balance as at 1.1.2013 RM	Additions RM	Depreciation charge for the financial year RM	Balance as at 31.12.2013 RM
2013				
Carrying amount				
Office equipment	2,192	-	(576)	1,616
			[----- At 31.12.2013 -----]	
		Cost RM	Accumulated depreciation RM	Carrying amount RM
Office equipment		3,200	(1,584)	1,616
	Balance as at 1.1.2012 RM	Additions RM	Depreciation charge for the financial year RM	Balance as at 31.12.2012 RM
2012				
Office equipment	2,768	-	(576)	2,192
			[----- At 31.12.2012 -----]	
		Cost RM	Accumulated depreciation RM	Carrying amount RM
Office equipment		3,200	(1,008)	2,192

- (a) In the current financial year, hotel properties under construction of the Group transferred from investment properties is in respect of land cost of the hotel.

In the previous financial year, building, plant and equipment, hotel properties under construction and construction-in-progress of the Group transferred from property development costs were mainly in respect of sales gallery ('i-Gallery'), event centre ('i-Walk'), hotel and shopping mall.

- (b) Included in hotel properties under construction of the Group is freehold land provided by a company pursuant to the Joint Venture arrangement as disclosed in Note 13 to the financial statements.

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7. PROPERTY, PLANT AND EQUIPMENT (continued)

- (c) During the financial year, the Group made the following cash payments to purchase property, plant and equipment:

	Group	
	2013 RM	2012 RM
Purchase of property, plant and equipment	20,385,362	20,966,866
Reversal of/(Accrued) purchase consideration of freehold land	1,381,853	(1,381,853)
Accrued development cost of property, plant and equipment	(2,271,005)	-
Unsettled and remained as other payables	(700,783)	-
	<u>18,795,427</u>	<u>19,585,013</u>

8. INVESTMENT PROPERTIES

		Group		Company	
	Note	2013 RM	2012 RM	2013 RM	2012 RM
<u>At fair value</u>					
At 1 January		65,460,000	65,460,000	6,910,000	6,910,000
Transfer to property, plant and equipment	7	(7,380,635)	-	-	-
Net fair value gain recognised in statements of comprehensive income		12,995,635	-	490,000	-
		<u>71,075,000</u>	<u>65,460,000</u>	<u>7,400,000</u>	<u>6,910,000</u>
At 31 December		<u>71,075,000</u>	<u>65,460,000</u>	<u>7,400,000</u>	<u>6,910,000</u>
<u>At cost</u>					
At 1 January		-	-	-	-
Investment properties under construction		2,298,008	-	-	-
		<u>2,298,008</u>	<u>-</u>	<u>-</u>	<u>-</u>
At 31 December		<u>2,298,008</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total investment properties		<u>73,373,008</u>	<u>65,460,000</u>	<u>7,400,000</u>	<u>6,910,000</u>

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8. INVESTMENT PROPERTIES (continued)

Direct operating expenses arising from investment properties generating rental income during the financial year are as follows:

	Group		Company	
	2013 RM	2012 RM	2013 RM	2012 RM
Repair and maintenance	451,160	587,837	49,858	49,858
Quit rent and assessment	108,697	94,283	54,697	55,660
	<u>559,857</u>	<u>682,120</u>	<u>104,555</u>	<u>105,518</u>

Title deeds

Title deeds pertaining to certain investment properties are in the process of being transferred to a subsidiary’s name.

Freehold land

Freehold land in respect of the investment properties is provided by a company pursuant to the Joint Venture arrangement as disclosed in Note 13 to the financial statements.

As at the end of the reporting period, the Group accrued an amount of RM2,460,793 (2012: RM2,460,793) for the purchase consideration of the freehold land.

Investment properties under construction

Investment properties under construction represent car park lots under construction.

The fair value of investment properties under construction amounting to RM2,298,008 (2012: Nil) cannot be reliably and separately determined until the construction is completed or the fair value becomes reliably determinable, whichever is earlier.

Fair value

The fair value of investment properties of the Group and the Company are categorised as follows:

Group	Level 1 RM	Level 2 RM	Level 3 RM	Total RM
2013				
Investment properties	-	43,875,000	27,200,000	71,075,000
2012				
Investment properties	-	65,460,000	-	65,460,000
Company				
2013				
Investment properties	-	7,400,000	-	7,400,000

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8. INVESTMENT PROPERTIES (continued)
Fair value (continued)

The fair value of investment properties of the Group and the Company are categorised as follows (continued):

Company	Level 1 RM	Level 2 RM	Level 3 RM	Total RM
2012				
Investment properties	-	6,910,000	-	6,910,000

Investment properties are stated at fair value based on valuations performed by independent professional valuer, who holds a recognised relevant professional qualification and has recent experience in the locations and categories of investment properties valued. Based on the valuation reports dated 31 December 2013, the fair value of the investment properties as at 31 December 2013 was RM71,075,000.

Fair value is determined based on both investment and comparison methods of valuations using significant unobservable inputs (Level 3 inputs) and observable inputs (Level 2 inputs) respectively. Changes in fair value are recognised in the statements of comprehensive income during the period in which they are reviewed.

The unobservable inputs include:

- Term rental - the expected rental that the investment properties are expected to achieve and is derived from current rental, including revision upon renewal of tenancies during the year;
- Outgoings - including quit rent and assessment, service charges, utilities costs, and repair and maintenance;
- Reversionary rental - the expected rental that the investment properties are expected to achieve upon expiring of term rental;
- Yield - based on actual location, size and condition of the investment properties and taking into account market data at the valuation date;
- Allowance for void - allowance provided for vacancy period

Information about fair value measurements using significant unobservable inputs (Level 3) as at 31 December 2013 is as follows:

Valuation technique	Fair value RM	Parameters				
		Term rental RM psf	Out-going rental RM psf	Rever-sionary rental RM psf	Yield %	Allowance for void %
Block M, Data Centre	Investment method 27,200,000	3.26 - 3.60	0.74	3.90	6.00	5.00

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8. INVESTMENT PROPERTIES (continued)
Fair value (continued)

The following table shows a reconciliation of balances of investment properties whose fair values have been classified in Level 3 of the fair value hierarchy:

		Group	
	Note	2013 RM	2012 RM
At 1 January		-	-
Transfer into Level 3	a	26,000,000	-
Fair value gain recognised in statements of comprehensive income		<u>1,200,000</u>	<u>-</u>
At 31 December		<u>27,200,000</u>	<u>-</u>

(a) During the previous financial year, the external valuation for the investment property of the Group was performed using a comparison method, which resulted in a Level 2 fair value. However, during the financial year, there has been a change in independent professional valuer and the valuation was performed using significant unobservable inputs. The external valuer, in discussion with the internal valuation team of the Group, has determined these input based on the term, rental, outgoings, reversionary rental, yield and allowance for void. Therefore, the fair value was reclassified to Level 3.

9. INVESTMENTS IN SUBSIDIARIES

	Company	
	2013 RM	2012 RM
Unquoted equity shares, at cost	7,850,662	7,850,658
Less: Impairment loss	<u>(3,454,278)</u>	<u>(3,454,278)</u>
Quasi-equity loan to subsidiaries	4,396,384 <u>164,163,839</u>	4,396,380 <u>164,163,839</u>
	<u>168,560,223</u>	<u>168,560,219</u>

Quasi-equity loan to subsidiaries is respect of advances and payments made on behalf, which are not expected to be settled in the foreseeable future. These amounts are, in substance, part of the Company's investments in the subsidiaries.

The details of the subsidiaries are as follows:

Name of company	Country of incorporation	Equity interest		Principal activities
		2013 %	2012 %	
I-City Marketing Sdn. Bhd.	Malaysia	100	100	Property developer, contractor for construction work, land and property owner, property and complex manager

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9. INVESTMENTS IN SUBSIDIARIES (continued)

The details of the subsidiaries are as follows (continued):

Name of company	Country of incorporation	Equity interest		Principal activities
		2013 %	2012 %	
I-City Properties Sdn. Bhd.	Malaysia	100	100	Property developer, contractor for construction work, land and property owner, property and complex manager
I-City (Selangor) Sdn. Bhd.	Malaysia	100	100	Management and development of i-City, Shah Alam as a MSC Malaysia Cybercentre and Technopreneur Campus
City Centrepoint Sdn. Bhd.*	Malaysia	100	-	Property developers and contractors for construction work, land and property owners
World Citypoint Sdn. Bhd.*	Malaysia	100	-	Property developers and contractors for construction work, land and property owners
I-Marcom Sdn. Bhd. and its subsidiary:	Malaysia	100	100	Investment holding and property development activities
I-Think Sdn. Bhd.	Malaysia	100	100	Advertising agent, advertiser and advertising contractor
I-R&D Sdn. Bhd. and its subsidiary:	Malaysia	100	100	Investment and property holdings
I-Office2 Sdn. Bhd.	Malaysia	80	80	Management of network and telephony services
I-Silicon Sdn. Bhd. and its subsidiaries:	Malaysia	100	100	Investment holding, property management and property investment
I-City Resorts Sdn. Bhd. (formerly known as I-Home Sdn. Bhd.)	Malaysia	100	100	Promotion, marketing and management of events, leisure and other tourism related activities
I-Digital (Shanghai) Trading Co. Ltd. **	People's Republic of China	100	100	Dormant

* Not required to be audited and was consolidated using management financial statements.

** Not audited by BDO or BDO member firms.

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9. INVESTMENTS IN SUBSIDIARIES (continued)

On 18 November 2013, the Company has incorporated two new wholly-owned subsidiaries namely City Centrepoint Sdn. Bhd. and World Citypoint Sdn. Bhd. with each having an authorised capital of RM400,000 divided into 400,000 ordinary shares of RM1 each and a paid-up capital of RM2 divided into 2 ordinary shares of RM1 each. Both of the subsidiaries have not commenced business. The intended principal activities of the new subsidiaries are to act as developers, land and property owners.

10. ASSOCIATES

	Group	
	2013	2012
	RM	RM
At cost:		
- Unquoted equity shares	40,004	40,000
- Share of post acquisition reserves, net of dividends received	93,473	35,304
	<u>133,477</u>	<u>75,304</u>
Amounts owing by associates	<u>3,346,256</u>	<u>600,000</u>
	<u>3,479,733</u>	<u>675,304</u>
Represented by:		
The Group's share of net assets	<u>133,477</u>	<u>75,304</u>

The Group's share of assets and liabilities of the associates are as follows:

	Group	
	2013	2012
	RM	RM
Assets and liabilities		
Non-current assets	490,583	588,914
Current assets	211,854	183,612
Non-current liabilities	(17,800)	(13,920)
Current liabilities	(551,160)	(683,302)
Net assets	<u>133,477</u>	<u>75,304</u>

	Group	
	2013	2012
	RM	RM
Revenue	528,101	199,079
Expenses including taxation	<u>(469,932)</u>	<u>(163,775)</u>
Net profit for the financial year	<u>58,169</u>	<u>35,304</u>

Amounts owing by associates represent advances for the associates' working capital requirements which are interest free, unsecured and not expected to be settled in the foreseeable future.

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10. ASSOCIATES (continued)

On 19 July 2013, the Company and its wholly owned subsidiary, I-City Properties Sdn. Bhd. had executed the Joint Venture and Shareholders' Agreement ('JVSA') with CPN Real Estate Sdn. Bhd. and CPN Malls Malaysia Sdn. Bhd. to incorporate a private limited company known as Central Plaza I-City Malls Malaysia Sdn. Bhd., in Malaysia which is engaged in the development and management of a regional Retail Mall to be known as Central Plaza at i-City, Section 7, Shah Alam, Selangor Darul Ehsan. The Group has subscribed for 40% of the issued and paid up ordinary share capital of Central Plaza I-City Malls Malaysia Sdn. Bhd. for a cash consideration of RM 4.

In accordance with the terms of the JVSA, Central Plaza I-City Real Estate Sdn. Bhd. and the Company had also executed a Land Sale and Purchase Agreement with Sumur Heights Sdn. Bhd., Sumurwang Industries Sdn. Bhd., Top Capital Sdn. Bhd., Sumur Marketing Sdn. Bhd. and Sumurwang Development Sdn. Bhd. and The Peak @ KLCC Sdn. Bhd., the vendor and beneficial owner for 11.12 acres (484,376 sq ft) of the 72 acres i-City site for the development of the Retail Mall.

The details of the associates are as follows:

Name of company	Country of incorporation	Equity interest		Principal activity
		2013 %	2012 %	
Held by I-R&D Sdn. Bhd.:				
I-City Hotel Sdn. Bhd. *	Malaysia	40	40	Hotel operator
Held by I-City Properties Sdn. Bhd.:				
Central Plaza I-City Malls Malaysia Sdn. Bhd. and its subsidiary: *	Malaysia	40	-	Investment holding
Central Plaza I-City Sdn. Bhd. and its subsidiary: *	Malaysia	40	-	Property management
Central Plaza I-City Real Estate Sdn. Bhd. *	Malaysia	40	-	Property developers and property owners

* Not audited by BDO or BDO member firms.

11. OTHER INVESTMENTS

	Group		Company	
	2013 RM	2012 RM	2013 RM	2012 RM
Non-current				
Available-for-sale financial assets				
- Unquoted shares in Malaysia	191,000	191,000	-	-
Less: Impairment loss	(190,999)	(190,999)	-	-
Total non-current other investments	1	1	-	-

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11. OTHER INVESTMENTS (continued)

	Group		Company	
	2013 RM	2012 RM	2013 RM	2012 RM
Current				
Financial assets at fair value through profit or loss				
- Quoted shares in Malaysia	38,556	38,556	38,556	38,556
Total other investments	<u>38,557</u>	<u>38,557</u>	<u>38,556</u>	<u>38,556</u>

Information on the fair value hierarchy is disclosed in Note 34(c) to the financial statements.

12. GOODWILL

	Group	
	2013 RM	2012 RM
Cost	4,333,279	4,333,279
Less: Accumulated impairment loss	<u>(4,333,279)</u>	<u>(4,333,279)</u>
Balance as at 31 December	<u>-</u>	<u>-</u>

13. PROPERTY DEVELOPMENT COSTS

	Note	Group	
		2013 RM	2012 RM
Freehold land, at cost			
Opening balance		38,387,522	18,366,222
Additions during the financial year		2,650,273	20,021,300
Closing balance		41,037,795	38,387,522
Development costs			
Opening balance		119,683,596	108,717,031
Additions during the financial year		65,068,560	27,767,692
Transfer to property, plant and equipment	7	-	(16,801,127)
Closing balance		<u>184,752,156</u>	<u>119,683,596</u>
Total land and development costs		225,789,951	158,071,118

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13. PROPERTY DEVELOPMENT COSTS (continued)

	Group	
	2013 RM	2012 RM
Less: Accumulated costs recognised as an expense in statements of comprehensive income		
Opening balance	(101,442,960)	(84,906,224)
Additions during the financial year	(62,674,397)	(16,536,736)
Closing balance	<u>(164,117,357)</u>	<u>(101,442,960)</u>
	<u>61,672,594</u>	<u>56,628,158</u>

Property development costs are analysed as follows:

	Group	
	2013 RM	2012 RM
Freehold land, at cost	41,037,795	38,387,522
Development costs	184,752,156	119,683,596
Accumulated costs recognised as an expense to statements of comprehensive income	<u>(164,117,357)</u>	<u>(101,442,960)</u>
	<u>61,672,594</u>	<u>56,628,158</u>

Included in the property development costs of the Group are Directors' remuneration capitalised during the financial year of RM269,179 (2012: RM538,358).

Included in property development costs incurred during the financial year of the Group is interest expense of RM9,731,643 (2012: RM8,106,906).

Freehold land

The freehold land under development is provided by Sumurwang Sdn. Bhd. ('Sumurwang'), the immediate holding company, pursuant to the Joint Venture ('JV') agreement dated 28 February 2006 to develop Phase 1 of i-City project.

As a Director of the Company has substantial interests in Sumurwang, the transaction arising from the JV agreement is considered as a related party transaction. Hence, the transaction was approved by the shareholders of the Company at an Extraordinary General Meeting held on 24 May 2006 as well as by the relevant authorities.

On 4 June 2007, as part of a restructuring scheme, Sumurwang had disposed off the freehold land to The Peak @ KLCC Sdn. Bhd. ('The Peak @ KLCC'), which is a related party.

Pursuant to the above, on 10 February 2009, the Company entered into a new JV agreement with The Peak @ KLCC, whereby the terms and conditions are similar to the original JV agreement entered into with Sumurwang on 28 February 2006 except for certain amendments made to the termination clauses.

At the end of the reporting period, the Group had accrued an amount of RM35,564,791 (2012: RM32,914,518) for the purchase consideration of the freehold land.

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14. INVENTORIES

	Group	
	2013 RM	2012 RM
At cost		
Completed properties held for sale	54,457,154	54,457,154
Consumables	14,373	191,136
	<u>54,471,527</u>	<u>54,648,290</u>

When the completed properties are sold, title deeds will be transferred directly from Sumurwang to the end purchasers.

15. TRADE AND OTHER RECEIVABLES

		Group		Company	
	Note	2013 RM	2012 RM	2013 RM	2012 RM
Trade receivables	a	15,675,308	8,053,872	-	-
Less: Impairment losses		(599,841)	(595,788)	-	-
		15,075,467	7,458,084	-	-
Amounts owing by:					
Subsidiaries	b	-	-	14,670,146	5,819,374
Related companies	b	429,057	399,057	30,000	-
		429,057	399,057	14,700,146	5,819,374
Other receivables		107,103	411,951	14,600	5,907
Less: Impairment losses		(3,000)	-	(3,000)	-
		104,103	411,951	11,600	5,907
Deposits		1,761,089	2,688,008	-	-
Loans and receivables		17,369,716	10,957,100	14,711,746	5,825,281
Prepayments	c	5,799,386	773,204	-	-
Accrued billings in respect of property development		35,819,399	3,658,233	-	-
		<u>41,618,785</u>	<u>4,431,437</u>	<u>-</u>	<u>-</u>
		<u>58,988,501</u>	<u>15,388,537</u>	<u>14,711,746</u>	<u>5,825,281</u>

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15. TRADE AND OTHER RECEIVABLES (continued)

- (a) Trade receivables are non-interest bearing and the normal trade credit terms granted by the Group range from 1 to 60 days (2012: 7 to 60 days). They are recognised at their original invoice amounts which represent their fair values on initial recognition.
- (b) Non-trade amounts owing by subsidiaries and related companies represent advances and payments made on behalf, which are unsecured, interest-free and payable upon demand in cash and cash equivalents.
- (c) Included in prepayments of the Group is advanced payments for property developments during the financial year of RM5,072,323 (2012: Nil).
- (d) The currency exposure profile of receivables are as follows:

	Group	
	2013 RM	2012 RM
Chinese Renminbi	5,809	8,162

- (e) The ageing analysis of trade receivables of the Group is as follows:

	Group	
	2013 RM	2012 RM
Neither past due nor impaired	14,185,993	7,358,823
Past due, not impaired		
1 to 30 days	192,066	28,590
31 to 60 days	140,090	5,925
61 to 90 days	72,042	12
More than 91 days	485,276	64,734
	889,474	99,261
Past due and impaired	599,841	595,788
	15,675,308	8,053,872

Receivables that are neither past due nor impaired

Trade receivables that are neither past due nor impaired are substantially property purchasers.

The Group does not have any significant credit risk from its property development activities as its services and products are predominantly rendered and sold to large number of property purchasers with financing facilities from reputable financiers.

Trade receivables are monitored on an on-going basis via Group management reporting procedures. Credit risks with respect to trade receivables are limited as the ownership and rights to the properties revert to the Group in the event of default.

None of the trade receivables of the Group that are neither past due nor impaired have been renegotiated during the financial year.

Receivables that are past due but not impaired

At the end of the reporting period, trade receivables of the Group that are past due but not impaired are unsecured in nature. They are creditworthy receivables with no recent history of default.

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15. TRADE AND OTHER RECEIVABLES (continued)

(e) The ageing analysis of trade receivables of the Group is as follows (continued):

Receivables that are past due and impaired

Trade receivables of the Group that are past due and impaired at the end of the reporting period are as follows:

Group	Individually impaired	
	2013 RM	2012 RM
Trade receivables, gross	599,841	595,788
Less: Impairment losses	<u>(599,841)</u>	<u>(595,788)</u>
	<u>-</u>	<u>-</u>

Movements on the Group's impairment losses of trade receivables are as follows:

	Group	
	2013 RM	2012 RM
At 1 January	595,788	560,814
Charge for the financial year	4,053	38,291
Reversal due to recovery	-	<u>(3,317)</u>
At 31 December	<u>599,841</u>	<u>595,788</u>

Trade receivables that are individually determined to be impaired at the end of each reporting period relate to those receivables that exhibit significant financial difficulties and have defaulted on payments. These receivables are not secured by any collateral or credit enhancements.

16. CASH AND CASH EQUIVALENTS

	Note	Group		Company	
		2013 RM	2012 RM	2013 RM	2012 RM
Cash and bank balances		2,233,802	1,386,742	54,813	37,534
Cash at bank held under Housing Development Accounts	a	1,340,441	2,164,947	-	-
Deposits with licensed banks	b	3,055,376	12,004,073	2,048,789	2,092,871
Deposits with licensed financial institutions	b	<u>477,125</u>	<u>555,858</u>	<u>-</u>	<u>9,525</u>
As reported in statements of financial position		7,106,744	16,111,620	2,103,602	2,139,930

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16. CASH AND CASH EQUIVALENTS (continued)

	Group		Company	
	2013 RM	2012 RM	2013 RM	2012 RM
Less:				
Fixed deposit pledged with a licensed bank	<u>(39,000)</u>	<u>(123,000)</u>	<u>(39,000)</u>	<u>-</u>
As reported in statements of cash flows	<u>7,067,744</u>	<u>15,988,620</u>	<u>2,064,602</u>	<u>2,139,930</u>

- (a) Bank balances held under the Housing Development Accounts represents receipts from purchasers of residential properties less payments as withdrawals provided under Section 7A of the Housing Development (Control and Licensing) Amendment Act 2002 and Housing Development (Housing Development Account) Regulation 1991 in connection to the Group's property development projects.
- (b) Included in deposits with licensed banks and licensed financial institution of the Group, there is an amount of RM39,000 (2012: RM123,000) pledged to a licensed bank as security bank guarantee.
- (f) In the previous financial year, there was an amount of RM1,554,500 being unutilised rights issue proceeds, which were restricted for certain usage as prescribed by the relevant authorities. The unutilised rights issue proceeds were fully utilised during the financial year.
- (g) The effective interest rates per annum as at the end of the financial year for the Group and the Company are as follows:

	Group		Company	
	2013 %	2012 %	2013 %	2012 %
Cash at bank held under Housing Development Accounts	1.75%	1.75%	-	-
Deposits with licensed banks	2.33%	3.00%	2.80%	3.00%
Deposits with financial institutions	<u>2.79%</u>	<u>2.78%</u>	<u>2.79%</u>	<u>2.82%</u>

- (h) The cash and bank balances are deposits held at call with banks and earn no interest.
- (i) Deposits with licensed banks and financial institutions have maturity periods range from 1 to 30 days (2012: 1 to 30 days).

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16. CASH AND CASH EQUIVALENTS (continued)

(j) The currency exposure profile of cash and cash equivalents of the Group is as follows:

	Group	
	2013 RM	2012 RM
Chinese Renminbi ('RMB')	1,017,418	882,115
United States Dollar ('USD')	109	107
Sterling Pound ('GBP')	283	272
Hong Kong Dollar ('HKD')	93	91
Brunei Dollar ('BND')	1,479	1,499
Taiwan Dollar ('TWD')	253	254
Korean Won ('KRW')	429	429
	<u>1,020,064</u>	<u>884,767</u>

17. SHARE CAPITAL

	Group and Company			
	2013		2012	
	Number of shares	RM	Number of shares	RM
Ordinary shares of RM1.00 each:				
Authorised:				
At 1 January/ 31 December	<u>200,000,000</u>	<u>200,000,000</u>	<u>200,000,000</u>	<u>200,000,000</u>
Issued and fully paid:				
At 1 January/ 31 December	<u>114,486,356</u>	<u>114,486,356</u>	<u>114,486,356</u>	<u>114,486,356</u>

The owners of the parent are entitled to receive dividends as and when declared by the Company and are entitled to one vote per ordinary share at meetings of the Company. All ordinary shares rank pari passu with regard to the Company's residual assets.

18. EXCHANGE TRANSLATION RESERVE

The exchange translation reserve is used to record foreign currency exchange differences arising from the translation of the financial statements of foreign operations whose functional currencies are different from that of the Group's presentation currency. It is also used to record the exchange differences arising from monetary items which form part of the Group's net investment in foreign operations, where the monetary item is denominated in either the functional currency of the reporting entity or the foreign operation.

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18. EXCHANGE TRANSLATION RESERVE (continued)

	Group	
	2013 RM	2012 RM
At 1 January	17,234	62,938
Currency translation differences	<u>121,218</u>	<u>(45,704)</u>
At 31 December	<u>138,452</u>	<u>17,234</u>

19. TREASURY SHARES

Pursuant to an ordinary resolution passed at the Annual General Meeting held on 24 May 2006, the shareholders of the Company renewed the authority given to the Directors to repurchase the Company's own shares based on the following terms:

- (i) The number of shares to be purchased and/or held shall not exceed 10% of its existing issued and paid up share capital of the Company;
- (ii) The amount to be utilised for the repurchase of shares by the Company shall not exceed the total retained earnings and share premium of the Company; and
- (iii) The Directors may retain the shares so purchased as treasury shares and may resell such treasury shares in a manner they deem fit in accordance with the Companies Act, 1965 and the applicable guidelines of Bursa Malaysia Securities Berhad.

On 28 December 2012, a total of 7,599,055 treasury shares amounting to RM7,961,474 were distributed as share dividend to the shareholders of the Company on the basis of one treasury share for every fourteen existing ordinary shares held. Details of repurchase of shares in the previous financial years and balance as at the financial year end were as follows:

	Average purchase price RM	Number of shares purchased	Total consideration RM
Balance as at 1 January 2006		5,997,900	5,717,918
January 2007	0.95	73,100	69,340
February 2007	1.04	43,200	45,020
March 2007	1.07	324,700	346,927
April 2007	1.39	<u>1,646,100</u>	<u>2,291,390</u>
Balance as at 31 December 2007		8,085,000	8,470,595
Less: Share dividend	1.05	<u>(7,599,055)</u>	<u>(7,961,474)</u>
		<u>485,945</u>	<u>509,121</u>

As at 31 December 2013, the number of outstanding ordinary shares in issue after deducting the treasury shares is 114,000,411 (2012: 114,000,411).

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20. DEFERRED TAX

Deferred tax assets and liabilities are offset when there is a legally enforceable right to offset current tax assets against current tax liabilities and when the deferred taxes relate to the same taxation authority.

(a) The following amounts, determined after appropriate offsetting, are shown in the statements of financial position:

	Group		Company	
	2013 RM	2012 RM	2013 RM	2012 RM
Deferred tax liabilities	2,868,990	2,155,247	790,076	749,159
At 1 January	2,155,247	1,485,615	749,159	732,742
Charged/(Credited) to statements of comprehensive income (Note 26)				
- property, plant and equipment	(231,215)	806,359	(64)	16,417
- investment properties	809,611	-	40,981	
- unused tax losses	135,347	(136,727)	-	-
	713,743	669,632	40,917	16,417
At 31 December	2,868,990	2,155,247	790,076	749,159
Subject to income tax				
Deferred tax assets (before offsetting)				
- unused tax losses	-	135,347	-	-
- property, plant and equipment	630,352	703,575	-	-
	630,352	838,922	-	-
Offsetting	(630,352)	(838,922)	-	-
Deferred tax assets (after offsetting)	-	-	-	-
Deferred tax liabilities (before offsetting)				
- investment properties	2,513,709	1,704,098	790,073	749,092
- property, plant and equipment	985,633	1,290,071	3	67
Offsetting	(630,352)	(838,922)	-	-
Deferred tax liabilities (after offsetting)	2,868,990	2,155,247	790,076	749,159

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20. DEFERRED TAX (continued)

(b) The amounts of temporary differences for which no deferred tax assets have been recognised in the statements of financial position are as follows:

	Group	
	2013 RM	2012 RM
Unused tax losses	7,127,808	8,261,302
Unabsorbed capital allowances	7,094,617	6,802,934
	<u>14,222,425</u>	<u>15,064,236</u>

Deferred tax assets of certain subsidiaries have not been recognised in respect of these items as it is not probable that taxable profits of the subsidiaries would be available against which the deductible temporary differences could be utilised.

The deductible temporary differences do not expire under the current tax legislation.

21. TRADE AND OTHER PAYABLES

	Note	Group		Company	
		2013 RM	2012 RM	2013 RM	2012 RM
Trade payables					
Third parties	a	12,276,569	9,189,938	-	-
Retention sum		6,344,373	2,116,473	-	-
		18,620,942	11,306,411	-	-
Other payables					
Other payables		5,715,952	5,649,186	26,324	-
Deposits		5,360,543	4,624,458	92,743	89,357
Accruals	b	69,260,952	60,915,906	434,912	284,151
Amount owing to related party	c	585,792	-	-	-
Amount owing to immediate holding company	c	5,000,000	-	5,000,000	-
Amounts owing to subsidiaries	c	-	-	747,723	338,502
		<u>85,923,239</u>	<u>71,189,550</u>	<u>6,301,702</u>	<u>712,010</u>
		<u>104,544,181</u>	<u>82,495,961</u>	<u>6,301,702</u>	<u>712,010</u>

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21. TRADE AND OTHER PAYABLES (continued)

- (a) Trade payables are non-interest bearing and the normal trade credit terms granted to the Group range from 1 to 90 days (2012: 7 to 90 days) from date of invoice.
- (b) Included in accruals of the Group are accruals for the purchase consideration of the freehold land and development costs in respect of the i-City project, as follows:

	Group	
	2013 RM	2012 RM
Purchase consideration of freehold land	34,652,375	34,296,371
Development costs	31,584,063	24,903,561
	<u>66,236,438</u>	<u>59,199,932</u>

Included in purchase consideration of freehold land is compensation for deferred payment of the land in the form of interest based on the Base Lending Rate of Malayan Banking Berhad.

- (c) Amounts owing to related party, immediate holding company and subsidiaries represent advances and payments made on behalf, which are unsecured, interest-free and payable upon demand in cash and cash equivalents.
- (d) The currency exposure profile of payables of the Group are as follows:

	Group	
	2013 RM	2012 RM
Chinese Renminbi	<u>11,832</u>	<u>9,342</u>

22. REVENUE

	Group		Company	
	2013 RM	2012 RM	2013 RM	2012 RM
Property development revenue	94,924,240	24,567,217	-	-
Rental income	7,995,214	7,846,564	-	-
Maintenance fee	1,059,698	1,165,994	-	-
Income from leisure activities	46,889,995	31,840,921	-	-
Services rendered	992,321	1,153,725	-	-
Others	286,371	81,760	-	-
Dividend income from subsidiaries	-	-	9,000,000	11,373,127
	<u>152,147,839</u>	<u>66,656,181</u>	<u>9,000,000</u>	<u>11,373,127</u>

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23. COST OF SALES

	Group	
	2013 RM	2012 RM
Property development costs	55,270,775	15,625,525
Lease rental	8,331,151	8,034,895
Maintenance costs	2,960,604	2,577,623
Leisure activities costs	19,658,580	9,008,095
Services rendered	423,307	607,013
	86,644,417	35,853,151

24. PROFIT BEFORE TAX

		Group		Company	
	Note	2013 RM	2012 RM	2013 RM	2012 RM
Profit before tax is arrived at after charging:					
Auditors' remuneration:					
- statutory					
- current year		119,004	108,000	35,000	30,000
- under provision in prior year		1,000	-	-	-
- non-statutory					
- current year		208,000	8,000	208,000	8,000
- under provision in prior years		13,000	2,500	13,000	2,500
Depreciation of property, plant and equipment	7	12,977,017	7,192,229	576	576
Employee benefit costs	25(a)	9,452,621	4,149,488	-	-
Directors' fees		662,500	612,000	175,000	210,000
Directors' remuneration other than fees	25(b)	358,727	107,818	24,000	48,000
Impairment losses on:					
- other investments		-	8,262	-	8,262
- trade and other receivables		7,053	38,291	3,000	-
Write-off of property, plant and equipment	7	1,929,839	-	-	-
Rental expense		201,198	182,678	60,000	60,000
And crediting:					
Dividend income		-	-	9,000,000	11,373,127
Gain on disposal of property, plant and equipment		48,940	6,500	-	-

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24. PROFIT BEFORE TAX (continued)

	Group		Company	
	2013 RM	2012 RM	2013 RM	2012 RM
And crediting (continued):				
Gain on disposal of trademarks	-	1,800,000	-	1,800,000
Interest income	296,855	537,660	72,146	59,146
Realised gain on foreign exchange	-	5,959	-	5,959
Rental income	415,252	369,436	265,252	219,436
Reversal of impairment losses on trade receivables	-	3,317	-	-
	<u>-</u>	<u>3,317</u>	<u>-</u>	<u>-</u>

25. EMPLOYEE BENEFIT COSTS
(a) Employee benefit costs

	Group	
	2013 RM	2012 RM
Wages, salaries and bonus	8,677,912	3,836,158
Other employee benefits	774,709	313,330
	<u>9,452,621</u>	<u>4,149,488</u>

(b) The estimated monetary value of benefits-in-kind provided to the Directors of the Group by the way of usage of the Group's assets and the provision of other benefits during the financial year amounted to RM358,727 (2012: RM107,818).

26. TAX EXPENSE

	Group		Company	
	2013 RM	2012 RM	2013 RM	2012 RM
Income tax expense based on taxable profit for the financial year	8,090,401	928,869	-	538,537
Under/(Over)-provision in prior years	209,588	(20,395)	88,293	(18,492)
	<u>8,299,989</u>	<u>908,474</u>	<u>88,293</u>	<u>520,045</u>

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26. TAX EXPENSE (continued)

	Group		Company	
	2013 RM	2012 RM	2013 RM	2012 RM
Deferred tax (Note 20):				
Relating to origination and reversal of temporary differences	818,616	627,842	40,917	16,417
(Over)/Under-provision in prior years	(104,873)	41,790	-	-
	<u>713,743</u>	<u>669,632</u>	<u>40,917</u>	<u>16,417</u>
	<u>9,013,732</u>	<u>1,578,106</u>	<u>129,210</u>	<u>536,462</u>

Malaysian income tax is calculated at the statutory tax rate of 25% (2012: 25%) of the estimated taxable profits for the fiscal year.

Tax expense of other taxation authorities, if any, are calculated at the rates prevailing in those respective jurisdictions.

The numerical reconciliation between the tax expense and the product of accounting profit multiplied by the applicable tax rates of the Group and of the Company are as follows:

	Group		Company	
	2013 RM	2012 RM	2013 RM	2012 RM
Profit before tax	<u>52,982,755</u>	<u>18,237,523</u>	<u>8,566,693</u>	<u>13,440,493</u>
Tax at Malaysian statutory tax rate	13,245,689	4,559,381	2,141,673	3,360,123
Tax effects in respect of:				
Non-allowable expenses	1,210,234	852,509	247,310	14,135
Non-taxable income	(2,494,727)	(496,797)	(2,348,066)	(2,819,304)
Tax exempt income under pioneer status	(2,841,726)	-	-	-
Utilisation of previously unrecognised capital allowances	(17,912)	(771,369)	-	-
Unused tax losses not recognised	85,952	243,736	-	-
Unabsorbed capital allowances not recognised	90,833	46,930	-	-
Utilisation of previously unused tax losses	(369,326)	(2,877,679)	-	-
	<u>8,909,017</u>	<u>1,556,711</u>	<u>40,917</u>	<u>554,954</u>
Under/(Over)-provision in prior years	104,715	21,395	88,293	(18,492)
	<u>9,013,732</u>	<u>1,578,106</u>	<u>129,210</u>	<u>536,462</u>

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26. TAX EXPENSE (continued)

Tax savings of the Group are as follows:

	Group	
	2013	2012
	RM	RM
Arising from utilisation of previously unrecognised tax losses	369,326	2,877,679
Arising from utilisation of previously unrecognised capital allowances	<u>17,912</u>	<u>771,369</u>

Subject to the agreement by the Inland Revenue Board, the Group and the Company had unutilised reinvestment allowances amounting to approximately RM584,000 (2012: RM584,000), which are available to set off against future taxable income.

27. COMMITMENTS - OPERATING LEASE
(a) The Group and the Company as lessee

The Group sold its developed properties to third parties under sale and leaseback arrangements in prior years. The developed properties were leased back by the Group for a period of five years. The lease arrangement has expired on November 2013 and was renewed to continue with the arrangement at a re-negotiated rate. The future minimum lease commitments as at the end of the reporting period are as follows:

	Group	
	2013	2012
	RM	RM
Less than one year	6,755,278	7,905,149
Between one and five years	<u>6,335,278</u>	<u>3,510,557</u>
	<u>13,090,556</u>	<u>11,415,706</u>

The payment of certain lease commitment is guaranteed by the Company (Note 29).

The Group and the Company had entered into non-cancellable operating lease arrangements for office lots under operating leases for a term of one to three years, with an option to renew the leases. None of the leases include contingent rentals. The future minimum lease commitments as at the end of the reporting period are as follows:

	Group and Company	
	2013	2012
	RM	RM
Less than one year	18,000	52,000
Between one and five years	<u>-</u>	<u>18,000</u>
	<u>18,000</u>	<u>70,000</u>

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27. COMMITMENTS - OPERATING LEASE (continued)

(b) The Group and the Company as lessor

The Group and the Company had entered into non-cancellable lease arrangements on certain investment properties for a term of one to two years. The future minimum lease receivables as at the end of the reporting period are as follows:

	Group		Company	
	2013 RM	2012 RM	2013 RM	2012 RM
Less than one year	6,903,706	5,891,749	254,724	260,108
Between one and five years	<u>3,724,724</u>	<u>3,006,204</u>	<u>147,512</u>	<u>305,469</u>
	<u>10,628,430</u>	<u>8,897,953</u>	<u>402,236</u>	<u>565,577</u>

28. COMMITMENTS - PROPERTY, PLANT AND EQUIPMENT

	Group	
	2013 RM	2012 RM
Capital expenditure in respect of purchase of property, plant and equipment:		
- Contracted but not provided for	<u>36,417,406</u>	<u>1,896,772</u>

29. CONTINGENT LIABILITIES

	Company	
	2013 RM	2012 RM
Bank guarantees given to third parties in respect of services rendered to a subsidiary	1,811,000	1,261,000
Guarantee given to a third party for the payment of operating lease rental payable by a subsidiary (Note 27(a))	<u>-</u>	<u>6,400,625</u>
	<u>1,811,000</u>	<u>7,661,625</u>

The Directors are of the view that the chances to call upon the corporate guarantees are not probable. The fair value of such financial corporate guarantees is negligible as the probability of the Group defaulting on the payment is remote.

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30. EARNINGS PER ORDINARY SHARE
(a) Basic

Basic earnings per ordinary share for the financial year is calculated by dividing the profit for the financial year attributable to equity holders of the parent by the weighted average number of ordinary shares outstanding during the financial year, after taking into consideration of treasury shares held by the Company.

	Group	
	2013	2012
	RM	RM
Profit attributable to equity holders of the parent	<u>43,968,494</u>	<u>16,818,019</u>
Weighted average number of ordinary shares in issue, net of treasury shares	<u>114,000,411</u>	<u>114,000,411</u>
Basic earnings per ordinary share (sen)	<u>38.57</u>	<u>14.75</u>

(b) Diluted

The diluted earnings per ordinary share equals basic earnings per ordinary share as there are no dilutive potential ordinary shares.

31. DIVIDEND

	Group and Company			
	2013		2012	
	Single tier dividend per share sen	Amount of single tier dividend RM	Single tier dividend per share sen	Amount of single tier dividend RM
Interim dividend paid	4.00	4,560,016	-	-
First and final dividend paid	-	-	<u>1.00</u>	<u>1,064,014</u>
	<u>4.00</u>	<u>4,560,016</u>	<u>1.00</u>	<u>1,064,014</u>

In respect of the financial year ended 31 December 2012, an interim dividend of 4 sen per ordinary share, amounting to RM4,560,016 has been declared by the Directors during the financial year and paid to entitled shareholders on 25 April 2013.

In respect of the financial year ended 31 December 2013, a final single tier dividend of 6 sen per ordinary share, amounting to RM6,840,025 has been approved by the Directors for shareholders’ approval at the forthcoming Annual General Meeting. The financial statements for the current financial year do not reflect this proposed dividend. This dividend, if approved by shareholders, would be accounted for as an appropriation of retained earnings in the financial year ending 31 December 2014.

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32. RELATED PARTY DISCLOSURES
(a) Identities of related parties

Parties are considered to be related to the Group if the Group has the ability, directly or indirectly, to control the party or exercise significant influence over the party in making financial and operating decisions, or vice versa, or where the Group and the party are subject to common control or common significant influence. Related parties could be individuals or other parties.

The Company has controlling related party relationship with its holding companies and subsidiaries.

Related parties of the Group also include Sumurwang Sdn. Bhd. (the immediate holding company) and its subsidiaries, key management personnel and companies in which key management personnel or their close family members have control or significant influence.

(b) The Group and the Company had the following transactions with related parties during the financial year:

	Group		Company	
	2013	2012	2013	2012
	RM	RM	RM	RM
Subsidiaries:				
Agency commission paid	-	-	296	422
Dividend received	-	-	(9,000,000)	(11,373,125)
Management fee receivable	-	-	-	(653,745)
Subsidiaries of the immediate holding company:				
Rental expense paid	60,000	60,000	60,000	60,000
Directors of the Company:				
Sale of development properties	8,385,500	5,910,140	-	-
Key management personnel of a subsidiary:				
Sale of development properties	1,591,600	667,200	-	-
Related party:				
Rental expense paid	<u>1,849,197</u>	<u>1,089,276</u>	<u>-</u>	<u>-</u>

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32. RELATED PARTY DISCLOSURES (continued)

- (b) The Group and the Company had the following transactions with related parties during the financial year (continued):

The Group had also entered into a joint venture with the immediate holding company, the details are as disclosed in Note 13 to the financial statements.

Balances with related parties at the end of the reporting period are disclosed in Notes 15 and 21 to the financial statements.

These transactions have been entered into the normal course of business and have been established under negotiated commercial terms.

- (c) Compensation of key management personnel

Key management personnel comprise the Executive Directors and key management personnel of the Group, having authority and responsibility for planning, directing and controlling the activities of the Group entities directly or indirectly.

	Group		Company	
	2013 RM	2012 RM	2013 RM	2012 RM
Short term employee benefits	1,132,900	1,106,400	199,000	258,000
Contributions to defined contribution plan	157,506	151,776	-	-
	<u>1,290,406</u>	<u>1,258,176</u>	<u>199,000</u>	<u>258,000</u>

33. OPERATING SEGMENTS

I-Berhad and its subsidiaries are principally engaged in property development, property investment, leisure and Information and Communications Technology (“ICT”) services.

I-Berhad has arrived at four reportable segments that are organised and managed separately according to the nature of products and services, which requires different business and marketing strategies. The reportable segments are summarised as follows:

- (i) Property development
Developing property and contracting for construction work.
- (ii) Property investment
Investment and property holdings.
- (iii) Leisure
Promotion, marketing and management of events, leisure and other tourism related activities.
- (iv) ICT services
Provision of managed network and telephony services.

33. OPERATING SEGMENTS (continued)

Other operating segments include investment holding, advertising agent, advertiser and advertising contractor.

The accounting policies of operating segments are the same as those described in the summary of significant accounting policies.

The Group evaluates performance on the basis of profit or loss from operations before tax excluding share of profit of associates.

Inter-segment revenue is priced along the same lines as sales to external customers and is eliminated in the consolidated financial statements. These policies have been applied consistently throughout the current and previous financial years.

Segment assets exclude tax assets and assets used primarily for corporate purposes.

Segment liabilities exclude tax liabilities. Details are provided in the reconciliations from segment assets and liabilities to the position of the Group.

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33. OPERATING SEGMENTS (continued)

The following table provides an analysis of the Group's revenue, results, assets and liabilities and other information by operating segments:

2013	Property development RM	Property investment RM	Leisure RM	ICT services RM	Others RM	Total RM
Revenue						
Total revenue	96,264,118	9,621,461	46,889,994	1,129,647	9,578,972	163,484,192
Inter-segment revenue	(1,339,878)	(566,349)	-	(137,325)	(9,292,601)	(11,336,353)
Revenue from external customers	94,924,240	9,054,912	46,889,994	992,322	286,371	152,147,839
Interest income	34,491	9,915	152,504	13,642	86,303	296,855
Depreciation	(932,877)	(246,635)	(11,538,746)	(105,764)	(152,995)	(12,977,017)
Segment profit/(loss)	30,090,562	9,016,827	14,794,021	(152,704)	(824,120)	52,924,586
Share of profits of associates	-	-	58,169	-	-	58,169
Tax expense	(5,108,143)	(878,440)	(2,899,635)	(244)	(127,270)	(9,013,732)
Other material non-cash items:						
- Fair value gain on investment properties	-	12,505,635	-	-	490,000	12,995,635
- Write-off of property, plant and equipment	-	-	1,908,265	1,408	20,166	1,929,839
Additions to non-current assets other than financial instruments and deferred tax assets	3,252,596	7,648,461	13,157,486	6,680	-	24,065,223

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33. OPERATING SEGMENTS (continued)

The following table provides an analysis of the Group's revenue, results, assets and liabilities and other information by operating segments (continued):

2013	Property development RM	Property investment RM	Leisure RM	ICT services RM	Others RM	Total RM
Segment assets	133,587,927	135,925,485	35,410,785	617,472	15,129,301	320,670,970
Current tax assets	-	59,433	39,022	492	735,280	834,227
Associates	-	-	-	-	-	3,479,733
						<u>324,984,930</u>
Segment liabilities	86,698,661	8,664,680	2,144,391	236,039	6,800,410	104,544,181
Current tax liabilities	502,744	31,016	157,229	-	-	690,989
Deferred tax liabilities	-	-	-	-	-	2,868,990
						<u>108,104,160</u>
2012	Property development RM	Property investment RM	Leisure RM	ICT services RM	Others RM	Total RM
Revenue						
Total revenue	25,855,309	9,587,785	31,840,921	1,295,545	12,008,008	80,587,568
Inter-segment revenue	(1,288,092)	(575,227)	-	(141,820)	(11,926,248)	(13,931,387)
Revenue from external customers	<u>24,567,217</u>	<u>9,012,558</u>	<u>31,840,921</u>	<u>1,153,725</u>	<u>81,760</u>	<u>66,656,181</u>

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33. OPERATING SEGMENTS (continued)

The following table provides an analysis of the Group's revenue, results, assets and liabilities and other information by operating segments (continued):

2012	Property development RM	Property investment RM	Leisure RM	ICT services RM	Others RM	Total RM
Interest income	339,609	95,919	-	14,476	87,656	537,660
Depreciation	(695,419)	(158,623)	(5,200,259)	(977,956)	(159,972)	(7,192,229)
Segment profit/(loss)	4,702,565	(2,763,627)	16,039,611	(947,518)	1,171,188	18,202,219
Share of profit of an associate	-	-	35,304	-	-	35,304
Tax expense	(16,602)	(200,434)	(1,310,198)	(5,730)	(45,142)	(1,578,106)
Other material non-cash item: - Gain on disposal of trademarks	-	-	-	-	1,800,000	1,800,000
Additions to non-current assets other than financial instruments and deferred tax assets	167,669	2,307,313	18,485,712	6,172	-	20,966,866
Segment assets	92,828,906	119,527,258	36,773,440	919,092	10,460,999	260,509,695
Current tax assets	534,271	-	36,048	-	563,643	1,133,962
Associate	-	-	-	-	-	675,304
						<u>262,318,961</u>
Segment liabilities	68,930,805	9,336,533	2,501,562	470,350	1,256,711	82,495,961
Current tax liabilities	-	45,219	271,989	-	-	317,208
Deferred tax liabilities	-	-	-	-	-	2,155,247
						<u>84,968,416</u>

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33. OPERATING SEGMENTS (continued)

No segment information by geographical has been presented as the Group operates predominantly in Malaysia.

34. FINANCIAL INSTRUMENTS
(a) Financial instruments
Categories of financial instruments

Group	Loans and receivables RM	Fair value through profit or loss RM	Available- for-sale RM	Total RM
31 December 2013				
Financial assets				
Other investments	-	38,556	1	38,557
Trade and other receivables excluding prepayments and accrued billings in respect of property development	17,369,716	-	-	17,369,716
Cash and cash equivalents (excluding cash in hand)	7,076,054	-	-	7,076,054
	<u>24,445,770</u>	<u>38,556</u>	<u>1</u>	<u>24,484,327</u>
			Other financial liabilities RM	Total RM
Financial liabilities				
Trade and other payables excluding statutory liabilities			<u>104,544,181</u>	<u>104,544,181</u>

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34. FINANCIAL INSTRUMENTS (continued)
(a) Financial instruments (continued)
Categories of financial instruments (continued)

Group	Loans and receivables RM	Fair value through profit or loss RM	Available- for-sale RM	Total RM
31 December 2012				
Financial assets				
Other investments	-	38,556	1	38,557
Trade and other receivables excluding prepayments and accrued billings in respect of property development	10,957,100	-	-	10,957,100
Cash and cash equivalents (excluding cash in hand)	16,070,820	-	-	16,070,820
	<u>27,027,920</u>	<u>38,556</u>	<u>1</u>	<u>27,066,477</u>
			Other financial liabilities RM	Total RM
Financial liabilities				
Trade and other payables excluding statutory liabilities			82,495,961	<u>82,495,961</u>

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34. FINANCIAL INSTRUMENTS (continued)
(a) Financial instruments (continued)
Categories of financial instruments (continued)

Company	Loans and receivables RM	Fair value through profit or loss RM	Total RM
31 December 2013			
Financial assets			
Other investments	-	38,556	38,556
Trade and other receivables excluding prepayments and accrued billings in respect of property development (including intercompany balances)	14,711,746	-	14,711,746
Cash and cash equivalents (excluding cash in hand)	2,103,102	-	2,103,102
	<u>16,814,848</u>	<u>38,556</u>	<u>16,853,404</u>

	Other financial liabilities RM	Total RM
Financial liabilities		
Trade and other payables excluding statutory liabilities (including intercompany balances)	6,301,702	6,301,702

Company	Loans and receivables RM	Fair value through profit or loss RM	Total RM
31 December 2012			
Financial assets			
Other investments	-	38,556	38,556
Trade and other receivables excluding prepayments and accrued billings in respect of property development (including intercompany balances)	5,825,281	-	5,825,281
Cash and cash equivalents (excluding cash in hand)	2,139,430	-	2,139,430
	<u>7,964,711</u>	<u>38,556</u>	<u>8,003,267</u>

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34. FINANCIAL INSTRUMENTS (continued)
(a) Financial instruments (continued)
Categories of financial instruments (continued)

Company	Other financial liabilities RM	Total RM
31 December 2012		
Financial liabilities		
Trade and other payables excluding statutory liabilities (including intercompany balances)	712,010	712,010

(b) Determination of fair value
Methods and assumptions used to estimate fair value

The fair values of financial assets and financial liabilities are determined as follows:

- (i) Financial instruments that are not carried at fair value and whose carrying amounts are a reasonable approximation of fair value

The carrying amounts of financial assets and liabilities, which are classified as current assets and current liabilities at the end of the reporting period, are reasonable approximation of fair value due to their short term nature.

- (ii) Quoted shares

The fair value of quoted investments in Malaysia is determined by reference to the exchange quoted market bid prices at the close of the business on the end of the reporting period.

(c) Fair value hierarchy

The following table provides an analysis of financial instruments that are measured subsequent to initial recognition at fair value, grouped into Levels 1 to 3 based on the degree to which the fair value is observable.

Level 1 fair value measurements are those derived from quoted prices (unadjusted) in active markets for identical assets or liabilities.

Level 2 fair value measurements are those derived from inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices).

Level 3 fair value measurements are those derived from inputs for the asset or liability that are not based on observable market data (unobservable inputs).

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34. FINANCIAL INSTRUMENTS (continued)
(c) Fair value hierarchy (continued)

As at 31 December 2013, the following financial assets carried at fair value on the statements of financial position are as follows:

Group	Total RM	Level 1 RM	Level 2 RM	Level 3 RM
<u>Financial assets</u>				
Financial assets at fair value through profit or loss				
- Quoted shares	38,556	38,556	-	-
Available-for-sale financial assets				
- Unquoted shares	1	-	1	-
Company				
Financial assets at fair value through profit or loss				
- Quoted shares	38,556	38,556	-	-

As at 31 December 2012, the following financial assets carried at fair value on the statements of financial position are as follows:

Group	Total RM	Level 1 RM	Level 2 RM	Level 3 RM
<u>Financial assets</u>				
Financial assets at fair value through profit or loss				
- Quoted shares	38,556	38,556	1	-
Available-for-sale financial assets				
- Unquoted shares	1	-	1	-
Company				
Financial assets at fair value through profit or loss				
- Quoted shares	38,556	38,556	-	-

There were no transfers between Level 1 and Level 2 fair value measurements during the financial year ended 31 December 2013 and 31 December 2012.

35. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES

The financial risk management objective of the Group is to optimise value creation for shareholders whilst minimising the potential adverse impact arising from fluctuations in foreign currency exchange and interest rates and the unpredictability of the financial markets.

The Group operates within an established risk management framework and clearly defined guidelines that are regularly reviewed by the Board of Directors and does not trade in derivative financial instruments. Financial risk management is carried out through risk review programmes, internal control systems, insurance programmes and adherence to the Group financial risk management policies. The Group is exposed mainly to interest rate risk, foreign currency risk, liquidity and cash flow risk, credit risk and market risk. Information on the management of the related exposures is detailed below.

(i) Interest rate risk

Interest rate risk is the risk that the fair value or future cash flows of the financial instrument of the Group and the Company would fluctuate because of changes in market interest rates.

The Group's interest bearing assets are primarily short-term bank deposits with financial institutions. The interest rates on these deposits are monitored closely to ensure that they are maintained at favourable rates. The Group considers the risk of significant changes to interest rates on deposits to be unlikely.

(ii) Foreign currency risk

Foreign currency risk is the risk that the fair value or future cash flows of a financial instrument would fluctuate because of changes in foreign exchange rates.

The Group is exposed to foreign currency risk in respect of its overseas investments.

The Group also hold cash and cash equivalents denominated in foreign currencies for working capital purposes. At the end of the reporting period, such foreign currency balances amounted to RM1,020,064 (2012: RM884,767).

Foreign exchange exposures in transactional currencies other than functional currencies of the operating entities are not significant.

Sensitivity analysis for foreign currency risk

The following table demonstrates the sensitivity of the Group's profit after tax to a reasonably possible change in the RMB exchange rates against the respective functional currencies of the Group entities, with all other variables held constant. The sensitivity analysis includes only significant outstanding balances denominated in foreign currencies, of which the fluctuations in foreign exchange rates would have an impact on statements of comprehensive income.

		Group	
		2013	2012
		RM	RM
Profit after tax			
RMB/RM	- strengthen by 12% (2012: 3%)	91,026	19,848
	- weaken by 12% (2012: 3%)	(91,026)	(19,848)

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35. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (continued)
(iii) Liquidity and cash flow risk

Liquidity risk arises from the Group's and the Company's management of working capital. It is the risk that the Group and the Company will encounter difficulty in meeting its financial obligations when due.

The Group actively manages its debt maturity profile, operating cash flows and the availability of funding so as to ensure that all operating, investing and financing needs are met. In liquidity risk management strategy, the Group measures and forecasts its cash commitments and maintains a level of cash and cash equivalents deemed adequate to finance the Group's activities.

The table below summarises the maturity profile of the liabilities of the Group and the Company at the end of the reporting period based on contractual undiscounted repayment obligations.

	On demand or within one year RM	One to five years RM	Over five years RM	Total RM
As at 31 December 2013				
Group				
Financial liabilities				
Trade and other payables	100,867,539	3,676,642	-	104,544,181
Company				
Financial liabilities				
Trade and other payables	6,301,702	-	-	6,301,702
As at 31 December 2012				
Group				
Financial liabilities				
Trade and other payables	81,518,036	977,925	-	82,495,961
Company				
Financial liabilities				
Trade and other payables	712,010	-	-	712,010

(iv) Credit risk

Credit risk, which is the risk of counter parties defaulting, is controlled by the application of credit approvals, credit limits and monitoring procedures. Credit evaluations are performed on all customers requiring credit over a certain amount and strictly limiting the Group's associations to parties with high credit worthiness. Trade receivables are monitored on an ongoing basis to ensure that the Group is exposed to minimal credit risk.

35. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (continued)**(iv) Credit risk (continued)**

The primary exposure of the Group and of the Company to credit risk arise through trade and other receivables. The exposure to credit risk is monitored by management on an ongoing basis and is minimised by strictly limiting the Group's and the Company's association to business partners with high creditworthiness.

Other financial assets of the Group and the Company with exposure to credit risk include cash and fixed deposits, which are placed with banks and financial institutions with good standing.

Exposure to credit risk

At the end of the reporting period, the maximum exposure of the Group and of the Company to credit risk is represented by the carrying amount of each class of financial assets recognised on the statements of financial position.

Credit risk concentration profile

At the end of the reporting period, there were no significant concentrations of credit risk for the Group and the Company other than amounts owing by associates to the Group of RM3,346,256 (2012: RM600,000) and amounts owing by subsidiaries to the Company of RM14,670,146 (2012: RM5,819,374).

Financial assets that are neither past due nor impaired

Information regarding trade and other receivables that are neither past due nor impaired is disclosed in Note 15 to the financial statements. Cash and bank balances and deposits with banks and other financial institutions that are neither past due nor impaired are placed with or entered into with reputable financial institutions.

Financial assets that are either past due or impaired

Information regarding financial assets that are either past due or impaired is disclosed in Note 15 to the financial statements.

(v) Market risk

Market risk is the risk that the fair value of future cash flows of the Group's financial instruments would fluctuate because of changes in market prices (other than interest or exchange rates).

The Group is not exposed to significant equity price risks arising from marketable securities held by the Group. The Group does not actively trade these investments. However, to manage its price risk arising from these investments, the Group closely monitors the effects of fluctuation in equity prices and manages its portfolio within the limit set by the Board of Directors.

There has been no change to the exposure of the Group to market risks or the manner in which these risks are managed and measured.

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35. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (continued)

(vi) Capital management

The primary objective of the Group's capital management is to ensure that entities of the Group would be able to continue as going concerns while maximising the return to shareholders through the optimisation of the capital structure. The overall strategy of the Group remains unchanged from that in the previous financial year.

The Group manages its capital structure and makes adjustments to it in response to changes in economic conditions. In order to maintain or adjust the capital structure, the Group may adjust the dividend payment to shareholders, return capital to shareholders or issue new shares. No changes were made in the objectives, policies or processes during the financial years ended 31 December 2013 and 31 December 2012.

Pursuant to the requirements of Practice Note No. 17/2005 of the Bursa Malaysia Securities, the Group is required to maintain a consolidated shareholders' equity equal to or not less than the twenty-five percent (25%) of the issued and paid-up capital (excluding treasury shares) and such shareholders' equity is not less than RM40.0 million. The Company has complied with this requirement for the financial year ended 31 December 2013.

The Group is not subject to any externally imposed capital requirements.

36. SIGNIFICANT EVENTS DURING THE FINANCIAL YEAR

- (a) On 19 July 2013, the Company and its wholly owned subsidiary, I-City Properties Sdn. Bhd. ('ICP') had executed the Joint Venture and Shareholders' Agreement ('JVSA') with CPN Real Estate Sdn. Bhd. ('CPN Real Estate'), CPN Malls Malaysia Sdn. Bhd. ('CPN Malls'), Central Plaza I-City Malls Malaysia Sdn. Bhd., Central Plaza I-City Sdn. Bhd. and Central Plaza I-City Real Estate Sdn. Bhd. ('Central Plaza I-City Real Estate') for the development and management of a regional Retail Mall to be known as Central Plaza at i-City, Section 7, Shah Alam, Selangor Darul Ehsan.

The corporate structure of the joint venture with Central Pattana Public Company Limited of Thailand ('CPN') is as follows:

- (i) The Company through ICP holds a 40% stake in a newly incorporated joint venture company, Central Plaza I-City Malls Malaysia Sdn. Bhd. ('JVCo') thereby making it an associated company of the Group. CPN through its subsidiaries, CPN Real Estate and CPN Malls holds 60% stake in the JVCo.
- (ii) A newly incorporated Central Plaza I-City Sdn. Bhd., a wholly owned subsidiary of Central Plaza I-City Malls Malaysia Sdn. Bhd. would be the Mall Manager.
- (iii) A newly incorporated Central Plaza I-City Real Estate, a wholly owned subsidiary of Central Plaza I-City Sdn. Bhd., would develop and own the Mall.

APPENDIX V – AUDITED CONSOLIDATED FINANCIAL STATEMENTS OF OUR GROUP FOR THE FYE 31 DECEMBER 2013 TOGETHER WITH THE AUDITORS' REPORT (Cont'd)

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36. SIGNIFICANT EVENTS DURING THE FINANCIAL YEAR (continued)

- (a) In accordance with the terms of the JVSA, Central Plaza I-City Real Estate and the Company had also executed a Land Sale and Purchase Agreement with Sumur Heights Sdn. Bhd., Sumurwang Industries Sdn. Bhd., Top Capital Sdn. Bhd., Sumur Marketing Sdn. Bhd. and Sumurwang Development Sdn. Bhd. and The Peak @ KLCC Sdn. Bhd., the vendor and beneficial owner for a piece of freehold land which forms part of the land held under Geran No. 311885, Lot No. 16965 and part of Geran No. 311886, Lot No. 16966 of Seksyen 7, Bandar Shah Alam, District of Petaling, State of Selangor Darul Ehsan ('Mall Land') measuring approximately 11.12 acres (484,376 sq ft) for a purchase consideration of RM72.66 million for the development of the Retail Mall ('Proposed Mall Land Acquisition').
- (b) On 24 October 2013, the Company has announced the proposed acquisition by I-Marcom Sdn. Bhd. ('I-Marcom'), a wholly-owned subsidiary of the Company, of a piece of freehold land held under Geran No. 26180, Lot No. 242, Seksyen 63, Town and District of Kuala Lumpur, Wilayah Persekutuan Kuala Lumpur measuring approximately 1.05 acres (45,764 sq ft) located along Jalan Changkat Kia Peng from Sumuracres Sdn. Bhd. ('the Vendor') for a purchase consideration of RM132.00 million to be settled by way of allotment and issuance of the Redeemable Convertible Unsecured Loan Stock ('RCULS') to the Vendor ('Proposed Kia Peng Land Acquisition').

On even date, I-Marcom had entered into a conditional sale and purchase agreement with the Vendor in relation to the Proposed Kia Peng Land Acquisition.

The Proposal has been approved by shareholder of I-Marcom, and is now pending approvals from the shareholders of the Company, Securities Commission Malaysia, Bursa Malaysia Securities Berhad ('Bursa Securities') and other relevant authorities.

- (c) On 18 November 2013, the Company has incorporated two new wholly-owned subsidiaries namely City Centrepoint Sdn. Bhd. and World Citypoint Sdn. Bhd. with each having an authorised capital of RM400,000 divided into 400,000 ordinary shares of RM1 each and a paid-up capital of RM2 divided into 2 ordinary shares of RM1 each. Both of the subsidiaries have not commenced business. The intended principal activities of the new subsidiaries are to act as developers, land and property owners.
- (d) On 20 December 2013, the Company has announced the following proposals to Bursa Securities:
- (i) proposed share split involving the subdivision of every one (1) existing ordinary share of RM1.00 each in I-Berhad into two (2) ordinary shares of RM0.50 each in I-Berhad ('Proposed Share Split');
 - (ii) proposed renounceable rights issue of new ordinary shares in I-Berhad together with free detachable warrants to raise gross proceeds of up to RM200.00 million ('Proposed Rights Issue with Warrants');
 - (iii) proposed bonus issue of new ordinary shares in I-Berhad ('Bonus Share(s)') on the basis of one (1) Bonus Share for every five (5) ordinary shares held ('Proposed Bonus Issue');

APPENDIX V – AUDITED CONSOLIDATED FINANCIAL STATEMENTS OF OUR GROUP FOR THE FYE 31 DECEMBER 2013 TOGETHER WITH THE AUDITORS’ REPORT (Cont’d)

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36. SIGNIFICANT EVENTS DURING THE FINANCIAL YEAR (continued)

- (d) On 20 December 2013, the Company has announced the following proposals to Bursa Securities (continued):
- (iv) proposed acquisition by I-City Properties Sdn. Bhd. (‘I-City Properties’), a wholly-owned subsidiary of the Company, of a piece of freehold land held under Geran No. 311884, Lot No. 16964, Seksyen 7, Bandar Shah Alam, District of Petaling, State of Selangor Darul Ehsan measuring approximately 12.13 acres from The Peak @ KLCC Sdn. Bhd. (‘The Peak @ KLCC’) for a purchase consideration of RM241.30 million to be settled by a combination of irredeemable convertible unsecured loan stocks (‘ICULS’) and RCULS issued by I-Berhad (‘Proposed SOHO Land Acquisition’);
 - (v) proposed acquisition by City Centrepoint Sdn. Bhd. (‘City Centrepoint’), a wholly-owned subsidiary of the Company, of a piece of freehold land which currently forms part of the land held under Geran No. 311886, Lot No. 16966, Seksyen 7, Bandar Shah Alam, District of Petaling, State of Selangor Darul Ehsan measuring approximately 7.45 acres from The Peak @ KLCC for a purchase consideration of RM129.00 million to be settled by a combination of ICULS and RCULS issued by I-Berhad (‘Proposed Tower Land Acquisition’);
 - (vi) proposed renounceable restricted offer for sale of up to 50% of up to RM301.30 million five (5)-year 2% stepping up to 3% ICULS at 100% of its nominal value of RM0.50 each to be issued pursuant to the Proposed SOHO Land Acquisition and/or the Proposed Tower Land Acquisition to the minority shareholders of I-Berhad (‘Proposed OFS’);
 - (vii) proposed increase in authorised share capital of I-Berhad from RM200,000,000 comprising 200,000,000 ordinary shares of RM1.00 each to RM1,000,000,000 (‘Proposed Increase in Authorised Share Capital’);
 - (viii) proposed amendment to the memorandum of association of I-Berhad (‘Proposed Amendment’); and
 - (ix) proposed establishment of a long term incentive plan of up to 10% of the issued and paid-up share capital of the Company for eligible employees and eligible Directors of I-Berhad and its subsidiaries (‘Proposed LTIP’).

On 20 December 2013, the Company has announced the following proposals to Bursa Malaysia Securities Berhad (‘Bursa Securities’) (continued):

On even date, I-City Properties had entered into a conditional sale and purchase agreement with The Peak @ KLCC in relation to the Proposed SOHO Land Acquisition.

In addition, City Centrepoint had entered into a conditional sale and purchase agreement with The Peak @ KLCC in relation to the Proposed Tower Land Acquisition.

The Proposed SOHO Land Acquisition and Proposed Tower Land Acquisition have been approved by shareholder of I-City Properties and City Centrepoint, and are now pending approvals from the shareholders of the Company, Securities Commission Malaysia, Bursa Malaysia Securities Berhad (‘Bursa Securities’) and other relevant authorities.

APPENDIX V – AUDITED CONSOLIDATED FINANCIAL STATEMENTS OF OUR GROUP FOR THE FYE 31 DECEMBER 2013 TOGETHER WITH THE AUDITORS' REPORT (Cont'd)

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37. SUBSEQUENT EVENTS TO THE END OF THE REPORTING PERIOD

- (a) On 29 January 2014, the Red Carpet in I-City was partially destroyed by fire. There is no significant financial implication to the Group as a result of the incident.
- (b) On 6 February 2014, the Company has announced the proposed ratification of the Joint Venture Agreement dated 10 February 2009 entered into between the Company and The Peak @ KLCC Sdn. Bhd. in place of the Joint Venture Agreement dated 28 February 2006 entered into between the Company and Sumurwang Sdn. Bhd. for the development of a piece of freehold land held under Geran No. 27449, Lot No. 4598, Mukim of Bukit Raja, District of Petaling, Selangor Darul Ehsan measuring approximately 72 acres, designated as the 'i-City Project' ('Proposed Ratification').
- (c) On 1 April 2014, the Company has announced the proposed arrangement between the Company and The Peak @ KLCC in relation to the treatment of the purchase consideration from the Proposed Mall Land Acquisition ('Proposed Arrangement').

On even date, the Company and The Peak @ KLCC had entered into a termination and payment agreement to formalize the Proposed Arrangement.

In addition, the Company has announced the full details of the Proposed Ratification resulting from the finalisation of the various appointments of advisers and the conclusions of the independent valuations on the affected properties.

The Proposed Arrangement and Proposed Ratification are now pending approvals from the shareholders of the Company, Securities Commission Malaysia, Bursa Malaysia Securities Berhad ('Bursa Securities') and other relevant authorities.

- (d) On 1 April 2014, its wholly-owned subsidiary, I-R&D Sdn. Bhd. has incorporated a new wholly-owned subsidiary namely I-City Travel Sdn. Bhd. with an authorised capital of RM400,000 divided into 400,000 ordinary shares of RM1 each and a paid-up capital of RM2 divided into 2 ordinary shares of RM1 each. The intended principal activity of the new subsidiary is to provide transportation services.

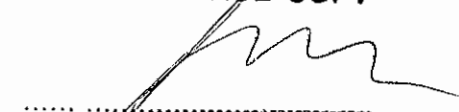
APPENDIX V – AUDITED CONSOLIDATED FINANCIAL STATEMENTS OF OUR GROUP FOR THE FYE 31 DECEMBER 2013 TOGETHER WITH THE AUDITORS' REPORT (Cont'd)

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38. SUPPLEMENTARY INFORMATION ON REALISED AND UNREALISED LOSSES OR PROFITS

The retained earnings as at the end of the reporting period may be analysed as follows:

	Group		Company	
	2013	2012	2013	2012
	RM	RM	RM	RM
Total retained earnings/ (accumulated losses) of the Company and its subsidiaries:				
- Realised	21,465,205	(6,504,403)	9,117,443	5,689,059
- Unrealised	<u>17,687,193</u>	<u>5,405,301</u>	<u>1,829,060</u>	<u>1,379,977</u>
	39,152,398	(1,099,102)	10,946,503	7,069,036
Total share of retained earnings from associates:				
- Realised	<u>93,473</u>	<u>35,304</u>	<u>-</u>	<u>-</u>
	39,245,871	(1,063,798)	10,946,503	7,069,036
Less: Consolidation adjustments	<u>1,901,558</u>	<u>2,802,749</u>	<u>-</u>	<u>-</u>
Total group/company retained earnings as per consolidated accounts	<u>41,147,429</u>	<u>1,738,951</u>	<u>10,946,503</u>	<u>7,069,036</u>

**APPENDIX VI – UNAUDITED CONSOLIDATED FINANCIAL STATEMENTS FOR THE 6-MONTHS
FPE 30 JUNE 2014**
CERTIFIED TRUE COPY


TOO YET LAN
 Secretary
 MAMCISA No. 0817992

14 AUG 2014
I-Berhad (7029-H)
**CONDENSED CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME
FOR THE QUARTER ENDED 30 JUNE 2014**

		(Unaudited) Individual Quarter	(Unaudited) Preceding Year Quarter	(Unaudited) Cumulative Quarter Current Year To Date	(Unaudited) Preceding Year To Date
	Note	Current Quarter 30 Jun 2014 RM'000	Preceding Year Quarter 30 Jun 2013 RM'000	Current Year To Date 30 Jun 2014 RM'000	Preceding Year To Date 30 Jun 2013 RM'000
Revenue	12	70,649	33,802	115,563	60,948
Cost of sales		(36,589)	(20,329)	(64,899)	(36,277)
Gross profit		34,060	13,473	50,664	24,671
Other income	23	259	247	512	485
Other expenses		(8,605)	(5,726)	(17,103)	(12,087)
Share of profit/(loss) of an associate		(30)	21	(30)	28
Profit before taxation	23	25,684	8,015	34,043	13,097
Tax expense	17	(6,269)	(1,236)	(8,510)	(1,394)
Profit for the financial period		19,415	6,779	25,533	11,703
Other comprehensive income:					
Foreign currency translations		(25)	38	(20)	68
Total comprehensive income		19,390	6,817	25,513	11,771
Profit/(Loss) attributable to:					
Owners of the parent		19,406	6,788	25,509	11,713
Non-controlling interests		9	(9)	24	(10)
		19,415	6,779	25,533	11,703
Total comprehensive income/(loss) attributable to:					
Owners of the parent		19,381	6,826	25,489	11,781
Non-controlling interests		9	(9)	24	(10)
		19,390	6,817	25,513	11,771
Earnings per share attributable to owners of the parent		sen	sen	sen	sen
Basic	22	17.02	5.95	22.38	10.27
Fully diluted	22	17.02	5.95	22.38	10.27

The condensed consolidated statements of comprehensive income should be read in conjunction with the audited financial statements for the financial year ended 31 December 2013 and the accompanying notes.

**APPENDIX VI – UNAUDITED CONSOLIDATED FINANCIAL STATEMENTS FOR THE 6-MONTHS
FPE 30 JUNE 2014 (Cont'd)**

I-Berhad (7029-H)

**CONDENSED CONSOLIDATED STATEMENTS OF FINANCIAL POSITION
AS AT 30 JUNE 2014**

	Note	(Unaudited) As at 30.06.2014 RM'000	(Audited) As at 31.12.2013 RM'000
ASSETS			
Non-current assets			
Property, plant and equipment		73,959	65,020
Investment properties		76,528	73,373
Investments in associates		3,450	3,480
Other investments		0	0
		<u>153,937</u>	<u>141,873</u>
Current assets			
Property development costs		82,985	61,672
Inventories		54,457	54,472
Trade and other receivables		79,454	58,988
Other investments		39	39
Current tax assets		718	834
Deposits, cash and bank balances		7,804	7,107
		<u>225,457</u>	<u>183,112</u>
TOTAL ASSETS	12	<u>379,394</u>	<u>324,985</u>
EQUITY AND LIABILITIES			
Equity attributable to owners of the parent			
Share capital		114,486	114,486
Reserves		128,273	102,784
Treasury shares		(509)	(509)
		<u>242,250</u>	<u>216,761</u>
Non-controlling interests		144	120
TOTAL EQUITY		<u>242,394</u>	<u>216,881</u>
Non-current liabilities			
Deferred tax liabilities		2,869	2,869
		<u>2,869</u>	<u>2,869</u>
Current liabilities			
Borrowing		10,000	-
Trade and other payables		120,528	104,544
Current tax liabilities		3,603	691
		<u>134,131</u>	<u>105,235</u>
TOTAL LIABILITIES	12	<u>137,000</u>	<u>108,104</u>
TOTAL EQUITY AND LIABILITIES		<u>379,394</u>	<u>324,985</u>
Net assets per share attributable to owners of the parent (RM)		<u>2.12</u>	<u>1.90</u>

The condensed consolidated statements of financial position should be read in conjunction with the audited financial statements for the financial year ended 31 December 2013 and the accompanying notes.

APPENDIX VI – UNAUDITED CONSOLIDATED FINANCIAL STATEMENTS FOR THE 6-MONTHS FPE 30 JUNE 2014 (Cont'd)
I-Berhad (7029-H)
**CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
FOR THE QUARTER ENDED 30 JUNE 2014**

	Attributable to owners of the parent									
	Non-distributable					Distributable				
	Share capital	Treasury shares	Share premium	Revaluation reserve	Exchange translation difference	Retained earnings	Total	Non-controlling interests	Total equity	
(Unaudited)	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
Balance as at 1 January 2013	114,486	(509)	60,167	1,331	17	1,739	177,231	119	177,350	
Total comprehensive income/(loss) for the financial period	-	-	-	-	68	11,713	11,781	(10)	11,771	
Transaction with owners: Dividend to shareholders	-	-	-	-	-	(4,560)	(4,560)	-	(4,560)	
	-	-	-	-	-	(4,560)	(4,560)	-	(4,560)	
Balance as at 30 June 2013	114,486	(509)	60,167	1,331	85	8,892	184,452	109	184,561	
(Unaudited)										
Balance as at 1 January 2014	114,486	(509)	60,167	1,331	139	41,147	216,761	120	216,881	
Total comprehensive income/(loss) for the financial period	-	-	-	-	(20)	25,509	25,489	24	25,513	
Balance as at 30 June 2014	114,486	(509)	60,167	1,331	119	66,656	242,250	144	242,394	

The condensed consolidated statement of changes in equity should be read in conjunction with the audited financial statements for the financial year ended 31 December 2013 and the accompanying notes.

**APPENDIX VI – UNAUDITED CONSOLIDATED FINANCIAL STATEMENTS FOR THE 6-MONTHS
FPE 30 JUNE 2014 (Cont'd)**
I-Berhad (7029-H)
**CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS
FOR THE QUARTER ENDED 30 JUNE 2014**

	(Unaudited) Quarter ended 30.06.2014 RM'000	(Unaudited) Quarter ended 30.06.2013 RM'000
CASH FLOWS FROM OPERATING ACTIVITIES		
Profit before taxation	34,043	13,097
Adjustments for:		
Non-cash/operating items	6,145	5,160
Operating profit before working capital changes	40,188	18,257
Net changes in current assets	(41,802)	(5,702)
Net changes in current liabilities	15,985	42
Cash generated from operations	14,371	12,597
Tax paid	(5,789)	(754)
Tax refunded	306	7
Net cash generated from operating activities	8,888	11,850
CASH FLOWS FROM INVESTING ACTIVITIES		
Purchase of property, plant and equipment	(15,131)	(10,363)
Proceeds from disposal of property, plant and equipment	-	123
Development costs incurred for investment properties	(3,154)	-
Interest received	114	67
Net cash used in investing activities	(18,171)	(10,173)
CASH FLOWS FROM FINANCING ACTIVITIES		
Dividend paid	-	(4,560)
Borrowing	10,000	-
Net cash from financing activities	10,000	(4,560)
Net increase in cash and cash equivalents	717	(2,883)
Effect of foreign exchange rate changes	(20)	68
Cash and cash equivalents at beginning of the financial period	7,068	15,989
Cash and cash equivalents at end of the financial period	7,765	13,174
Cash and cash equivalents comprise :		
Cash and bank balances	5,216	3,127
Deposits with licensed banks/financial institutions	2,588	10,170
Deposits pledged as bank guarantee	(39)	(123)
Total	7,765	13,174

The condensed consolidated statement of cash flows should be read in conjunction with the audited financial statements for the financial year ended 31 December 2013 and the accompanying notes.

**APPENDIX VI – UNAUDITED CONSOLIDATED FINANCIAL STATEMENTS FOR THE 6-MONTHS
FPE 30 JUNE 2014 (Cont'd)**

I-Berhad (7029-H)

 CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS FOR QUARTER ENDED
30 JUNE 2014 - UNAUDITED

Part A – Explanatory Notes Pursuant to FRS 134
1 Basis of preparation

The unaudited interim financial report has been prepared in accordance with FRS 134: Interim Financial Reporting and Chapter 9, Appendix 9B of the Listing Requirements of Bursa Malaysia Securities Berhad. The significant accounting policies and method of computation adopted by the Group in this quarterly report are consistent with those in the annual financial statements for the year ended 31 December 2013 except as follows:

On 1 January 2014, the Group adopted the following new and amended FRS and IC Interpretations mandatory for annual financial periods beginning on or after 1 January 2014.

Amendments to FRS 10, FRS 12 and FRS 127	Investment Entities
Amendments to FRS 132	Offsetting Financial Assets and Financial Liabilities
Amendments to FRS 136	Recoverable Amount Disclosures for Non-financial Assets
Amendments to FRS 139	Novation of Derivatives and Continuation of Hedge Accounting
IC Interpretations 21	Levies

Adoption of the above standards and interpretations did not have any significant effect on the financial performance or position of the Group.

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

1 July 2014

Amendments to FRSS	Annual Improvements 2010-2012 Cycle
Amendments to FRSS	Annual Improvements 2011-2013 Cycle
Defined Benefit Plans: Employee Contributions (Amendments to FRS 119)	

1 January 2015

FRS 9	Financial Instruments
Mandatory effective date of FRS 9 and Transition Disclosures	

1 January 2016

Amendment to FRS 11	Accounting for Acquisitions of Interests in Joint Operations
Amendment to FRS 14	Regulatory Deferral Accounts
Amendment to FRS 116	Clarification of Acceptable Methods of Depreciation and FRS and 138 Amortisation

Malaysian Financial Reporting Standards (MFRS Framework)

On 19 November 2011, the Malaysian Accounting Standards Board (MASB) issued a new MASB approved accounting framework, the Malaysian Financial Reporting Standards (MFRS Framework).

The MFRS Framework that is to be applied by all Entities Other Than Private Entities for annual periods beginning on or after 1 January 2012, with the exception of entities that are within the scope of MFRS 141 Agriculture (MFRS 141) and IC Interpretation 15 Agreements for Construction of Real Estate (IC 15), including its parent, significant investor and venturer (herein called 'Transitioning Entities').

On 7 August 2013, the MASB issued another announcement that Transitioning Entities would only be required to adopt the MFRS framework for the annual periods beginning on or after 1 January 2015.

The Group falls within the scope definition of Transitioning Entities and has opted to defer adoption of the new MFRS Framework. Accordingly, the Group will be required to prepare financial statements using MFRS Framework in its first MFRS financial statements for the year ending 31 December 2015. In presenting its first MFRS financial statements, the Group will be required to restate the comparative financial statements to amounts reflecting the application of MFRS Framework. The majority of the adjustments required on transition will be made, retrospectively, against opening retained profits.

**APPENDIX VI – UNAUDITED CONSOLIDATED FINANCIAL STATEMENTS FOR THE 6-MONTHS
FPE 30 JUNE 2014 (Cont'd)**

I-Berhad (7029-H)

CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS FOR QUARTER ENDED
30 JUNE 2014 - UNAUDITED

2 Seasonal or cyclical factors

The Group's results were not materially impacted by any seasonal or cyclical factors apart from the Leisure segment as i-City's attractions receive more visitors during weekends, school holidays and festive seasons.

3 Unusual items due to their nature, size or incidence

There were no unusual items affecting assets, liabilities, equity, net income or cash flows during the quarter ended 30 June 2014.

4 Material changes in estimates

There were no material changes in estimates that have material effect as at quarter ended 30 June 2014.

5 Debt and equity securities

There were no issues, cancellations, repurchases, resale and repayments of debt and equity securities.

None of the 485,945 treasury shares was sold or cancelled in the current quarter.

6 Dividends paid

There was no dividend payment in the current quarter.

7 Carrying amount of revalued assets

The carrying values of investment properties have been brought forward without significant changes from the audited financial statements for the financial year ended 31 December 2013.

8 Material events subsequent to the end of interim period

Further to the Company's announcements dated 24 October 2013, 11 December 2013, 8 April 2014, 16 May 2014, 27 June 2014 and 22 July 2014 in relation to the acquisition by I-Marcom Sdn. Bhd., a wholly-owned subsidiary of the Company, of a piece of freehold land held under Geran 26180, Lot 242, Seksyen 63, Town and District of Kuala Lumpur, Wilayah Persekutuan Kuala Lumpur ("Kia Peng Land") measuring approximately 1.05 acres and located along Jalan Changkat Kia Peng from Sumuracres Sdn. Bhd. for a consideration of RM132.0 million to be settled by Redeemable Convertible Unsecured Loan Stocks ("RCULS") issued by the Company, CIMB Investment Bank Berhad had on 23 July 2014 announced on behalf of the Company that the Condition Precedents as set-out in the Kia Peng Land Sale and Purchase Agreement ("SPA") dated 24 October 2013 have been met and as such, the Kia Peng Land SPA has now become unconditional.

9 Changes in composition of the Group

On 1 April 2014, the Company's wholly-owned subsidiary, I-R&D Sdn. Bhd. has incorporated a new wholly-owned subsidiary namely I-City Travel Sdn. Bhd. with an authorised capital of RM400,000 divided into 400,000 ordinary shares of RM1.00 each and a paid-up capital of RM2.00 divided into 2 ordinary shares of RM1.00 each. The intended principal activity of the new subsidiary is to provide transportation services.

**APPENDIX VI – UNAUDITED CONSOLIDATED FINANCIAL STATEMENTS FOR THE 6-MONTHS
FPE 30 JUNE 2014 (Cont'd)**

I-Berhad (7029-H)

CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS FOR QUARTER ENDED
30 JUNE 2014 - UNAUDITED**9 Changes in composition of the Group (cont'd)**

On 30 June 2014, the Company has incorporated a wholly-owned subsidiary namely I-City (MM2H) Sdn. Bhd. ("I-City (MM2H)") with an authorised capital of RM400,000.00 divided into 400,000 ordinary shares of RM1.00 each and a paid-up capital of RM2.00 divided into 2 ordinary shares of RM1.00 each. The eventual paid-up capital of I-City (MM2H) would be RM50,000.00 divided into 50,000 ordinary shares of RM1.00 each. The intended principal activity of I-City (MM2H) is to provide property management and advisory services in relation to the Malaysia My Second Home programme.

10 Capital commitments

	As at 30.06.2014
	RM'000
Approved and contracted for, analysed as follows:	
New leisure attractions	3,876
Hotel development	7,180
Investment properties	25,932
	<u>36,988</u>

11 Significant related party transactions

There was no significant related party transaction in current quarter.

12 Segmental information - By business segments

Financial period ended 30 June 2014	Property Development RM'000	Property Investment RM'000	Leisure RM'000	ICT Services RM'000	Others RM'000	Consolidated RM'000
Revenue						
Total revenue	90,327	5,029	21,581	537	245	117,719
Inter-segment revenue	(1,461)	(406)	-	(71)	(218)	(2,156)
External revenue	<u>88,866</u>	<u>4,623</u>	<u>21,581</u>	<u>466</u>	<u>27</u>	<u>115,563</u>
Results						
Segment results	32,165	202	3,188	32	(1,590)	33,997
Interest income	11	6	-	6	53	76
Share of loss of an associate	-	-	(30)	-	-	(30)
Profit / (Loss) before taxation	<u>32,176</u>	<u>208</u>	<u>3,158</u>	<u>38</u>	<u>(1,537)</u>	<u>34,043</u>
Tax expense	-	-	-	-	-	(8,510)
Profit for the financial period						<u>25,533</u>
As at 30 June 2014						
Assets						
Segment assets	163,360	144,609	51,466	692	15,099	375,226
Tax recoverable	-	-	-	-	-	718
Investment in associates	-	-	-	-	-	3,450
Total assets						<u>379,394</u>
Liabilities						
Segment liabilities	111,434	10,039	842	232	7,981	130,528
Current tax liabilities	-	-	-	-	-	3,603
Deferred tax liabilities	-	-	-	-	-	2,869
Total liabilities						<u>137,000</u>

**APPENDIX VI – UNAUDITED CONSOLIDATED FINANCIAL STATEMENTS FOR THE 6-MONTHS
FPE 30 JUNE 2014 (Cont'd)**

I-Berhad (7029-H)

CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS FOR QUARTER ENDED
30 JUNE 2014 - UNAUDITED**12 Segmental information - By business segments (cont'd)**

Financial period ended 30 June 2013	Property Development RM'000	Property Investment RM'000	Leisure RM'000	ICT Services RM'000	Others RM'000	Consolidated RM'000
Revenue						
Total revenue	36,472	4,663	20,088	584	208	62,015
Inter-segment revenue	(580)	(292)	-	(68)	(127)	(1,067)
External revenue	35,892	4,371	20,088	516	81	60,948
Results						
Segment results	7,777	(1,753)	7,359	(135)	(257)	12,991
Interest income	18	-	6	7	47	78
Share of profit of an associate	-	-	28	-	-	28
Profit/(Loss) before taxation	7,795	(1,753)	7,393	(128)	(210)	13,097
Tax expense	-	-	-	-	-	(1,394)
Profit for the financial period	-	-	-	-	-	11,703
As at 30 June 2013						
Assets						
Segment assets	140,791	65,533	50,804	878	10,977	268,983
Tax recoverable	-	-	-	-	-	1,019
Investment in an associate	-	-	-	-	-	103
Total assets	-	-	-	-	-	270,105
Liabilities						
Segment liabilities	72,909	7,810	840	413	567	82,539
Current tax liabilities	-	-	-	-	-	850
Deferred tax liabilities	-	-	-	-	-	2,155
Total liabilities	-	-	-	-	-	85,544

**APPENDIX VI – UNAUDITED CONSOLIDATED FINANCIAL STATEMENTS FOR THE 6-MONTHS
FPE 30 JUNE 2014 (Cont'd)**

I-Berhad (7029-H)

CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS FOR QUARTER ENDED
30 JUNE 2014 - UNAUDITED

**Part B – Explanatory Notes Pursuant to Appendix 9B of the Listing Requirements of Bursa
Malaysia and other directives**

13 Auditors' Report on preceding Annual Financial Statements

The auditors' report on the financial statements for the financial year ended 31 December 2013 was not qualified.

14 Review of performance – Current quarter and financial period ended 30 June 2014 by segment.

For the quarter ended 30 June 2014, the Group posted higher revenue and profit before tax of RM70.6 million and RM25.7 million respectively as compared to the revenue and profit before tax of RM33.8 million and RM8.0 million respectively for the quarter ended 30 June 2013. The increase in both the revenue and profit before tax of 109% and 221% respectively was mainly contributed by the Property Development segment.

For the financial period ended 30 June 2014, the Group posted higher revenue and profit before tax of RM115.6 million and RM34.0 million respectively as compared to the revenue and profit before tax of RM60.9 million and RM13.1 million for the financial period ended 30 June 2013. The increase in both the revenue and profit before tax of 90% and 160% respectively was mainly due contributed by the Property Development segment.

a) Property development

The significant increase in both revenue and profit before tax for the current quarter and the financial period ended 30 June 2014 were driven by higher percentage of recognition for both the project completion and sales for i-Residence, i-SOVO, i-SOHO and i-Suites projects.

b) Property investment

The improvement in performance for both revenue and profit before tax for current quarter and the financial period ended 30 June 2014 are due to higher occupancy rate and a once off waiver of the service charge.

c) Leisure

The higher revenue with lower profit before tax for the current quarter and financial period ended 30 June 2014 is due and pre-opening costs and additional operating costs incurred for the new attractions.

d) ICT Services

The improvement in performance for this segment mainly due to a more effective cost management.

15 Comment on material changes in profit before taxation of the current quarter compared with the preceding quarter

The Group registered a significant growth in both the revenue and profit before taxation for the current quarter at RM70.6 million and RM25.7 million respectively as compared to RM44.9 million and RM8.4 million respectively for the preceding quarter. The improvement is contributed by all the operating segments with the highest contribution from the Property Development segment. The Property Development segment is growing rapidly in line with the promising sale performance as well as the continuous construction programme. As compared to preceding quarter, the Leisure segment had attained higher revenue and hence higher profit before tax due to the school holidays.

**APPENDIX VI – UNAUDITED CONSOLIDATED FINANCIAL STATEMENTS FOR THE 6-MONTHS
FPE 30 JUNE 2014 (Cont'd)**

I-Berhad (7029-H)

CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS FOR QUARTER ENDED
30 JUNE 2014 - UNAUDITED**16 Commentary on prospects – current financial year**

The Board expects both the Property Development and Leisure segment to continue to contribute positively to the Group's performance for the remaining quarters of current financial year.

For the Leisure division, the Group expects the new attractions that are coming on stream before the final quarter of the financial year to boost the segment's performance.

As for the Property division, the Group is looking into launching two new projects, namely Grand i-Residence and the next phase of i-Suite, with a combined Gross Development Value of approximately RM1.6 billion before the end of the financial year of 2014. Grand i-Residence which is the Group's maiden property project in Kuala Lumpur is a 50 storey luxury condominium project located on 1.05 acres along Jalan Kia Peng in the vicinity of Kuala Lumpur City Centre ('KLCC').

Barring any unforeseen circumstances and based on the aforementioned factors, the Board is confident that the Group would achieve better operating results for the financial year ending 31 December 2014.

17 Tax Expense

	Quarter ended/ Three months ended		Year to date/ Six months ended	
	30.06.2014 RM'000	30.06.2013 RM'000	30.06.2014 RM'000	30.06.2013 RM'000
Taxation				
- Current tax	6,269	1,238	1,396	8,510
- Deferred tax	-	(2)	(2)	-
Total	6,269	1,236	1,394	8,510

Overall, the effective tax rate for the both quarter and financial period ended 30 June 2014 is slightly lower than the statutory tax rate mainly due the tax incentive for the Leisure segment.

18 Corporate proposals

At the Extraordinary General Meeting of the Company held on 22 July 2014, the following resolutions relating to the Company's Corporate Proposals as detailed in the Circular to shareholders dated 30 June 2014 were duly passed by shareholders of the Company:

- (i) Proposed Share Split;
- (ii) Proposed Rights Issue with Warrants;
- (iii) Proposed Bonus Issue;
- (iv) Proposed Increase in Authorised Share Capital;
- (v) Proposed Long Term Incentive Plan;
- (vi) Proposed Kia Peng Land Acquisition;
- (vii) Proposed SOHO Land Acquisition;
- (viii) Proposed Tower Land Acquisition;
- (ix) Proposed CPN Joint Venture and Proposed Mall Land Acquisition;
- (x) Proposed Arrangement;
- (xi) Proposed Ratification; and
- (xii) Proposed Amendment

**APPENDIX VI – UNAUDITED CONSOLIDATED FINANCIAL STATEMENTS FOR THE 6-MONTHS
FPE 30 JUNE 2014 (Cont'd)**

l-Berhad (7029-H)

CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS FOR QUARTER ENDED
30 JUNE 2014 - UNAUDITED

18 Corporate proposals (cont'd)

CIMB had on 24 July 2014 announced on behalf of the Company, the proposed Share Split involving the subdivision of every one (1) existing ordinary share of RM1.00 each in the Company into two (2) ordinary shares of RM0.50 each in the Company.

CIMB also announced that the date of the listing of and quotation for the Subdivided Shares will be on 12 August 2014, being the next market day following the entitlement date of 11 August 2014 for the Share Split.

19 Group borrowings and debt securities

The Group has drawn down a total of RM10.0 million from its short term revolving credit facility as at 30 June 2014.

20 Material litigation

The Group is not engaged in any material litigation as at 1 August 2014 the latest practicable date which is not earlier than 7 days from the date of issue of this quarterly report.

21 Dividend

In respect of the financial year ended 31 December 2013, a final single tier dividend of 6 sen per ordinary share declared by the Board of Directors was approved by shareholders of the Company at the Annual General Meeting held on 30 June 2014. The entitlement and payment dates have been fixed on 5 September and 29 September 2014 respectively.

22 Earnings per share

Basic earnings per share is calculated by dividing the profit for the year attributable to owners of the parent by the weighted average number of shares in issue during the period less treasury shares held by the Company.

	Quarter ended/ Three months ended		Year to date/ Six months ended	
	30.06.2014	30.06.2013	30.06.2014	30.06.2013
Profit attributable to owners of the parent (RM'000)	19,406	6,788	25,509	11,713
Weighted average number of ordinary shares in issue less treasury shares ('000)	114,000	114,000	114,000	114,000
Basic earnings per share (sen)	17.02	5.95	22.38	10.27
Diluted earnings per share (sen)	17.02	5.95	22.38	10.27

**APPENDIX VI – UNAUDITED CONSOLIDATED FINANCIAL STATEMENTS FOR THE 6-MONTHS
FPE 30 JUNE 2014 (Cont'd)**

I-Berhad (7029-H)

CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS FOR QUARTER ENDED
30 JUNE 2014 - UNAUDITED**23 Note to consolidated statements of comprehensive income**

	Quarter ended/ Three months ended		Year to date/ Six months ended	
	30.06.2014 RM'000	30.06.2013 RM'000	30.06.2014 RM'000	30.06.2013 RM'000
Profit before taxation for the financial period is arrived at after crediting:				
Interest income	36	38	76	78
Other income	223	209	436	358
Gain on disposal of property, plant and equipment	-	-	-	49
and charging:				
Depreciation of property, plant and equipment	2,853	2,754	6,227	5,340
(Reversal)/Allowance of diminution in value of quoted investment	-	(3)	-	11

24 Disclosure of realised and unrealised profits/losses

	Quarter ended/ Three months ended	Financial year ended
	30.06.2014 RM'000	31.12.2013 RM'000
Total retained earnings of I-Berhad and its subsidiaries:		
- Realised	25,941	21,465
- Unrealised	17,687	17,687
	43,628	39,152
Total share of retained earnings from an associate:		
- Realised	-	93
	43,628	39,245
Consolidation adjustments	3,622	1,902
Total retained earnings as per consolidated accounts	47,250	41,147

25 Authorisation for issue

The interim financial report was authorised for issue by the Board of Directors in accordance with a resolution of the Directors on 8 August 2014.

APPENDIX VII – DIRECTORS' REPORT



Registered Office:

D-1-4, Jalan Multimedia 7/AJ
CityPark, i-City
40000 Shah Alam
Selangor Darul Ehsan

The Shareholders of I-Berhad

Dear Sir/Madam,

On behalf of the Board of Directors of I-Berhad ("**Board**"), I wish to report, after making due enquiries in relation to the interval between 31 December 2013 (being the date to which the last audited consolidated financial statements of I-Berhad and its subsidiaries ("**I-Berhad Group**") have been made up) and to the date hereof (being a date not earlier than fourteen (14) days before the issuance of this Prospectus):

- (i) the business of I-Berhad Group has, in the opinion of the Board, been satisfactorily maintained;
- (ii) in the opinion of the Board, no circumstances have arisen since the last audited consolidated financial statements of the I-Berhad Group which have adversely affected the trading or the value of the assets of I-Berhad Group;
- (iii) the current assets of the I-Berhad Group appear in the books at values which are believed to be realisable in the ordinary course of business;
- (iv) save as disclosed in this Prospectus, there are no other contingent liabilities which have arisen by reason of any guarantee or indemnity given by the I-Berhad Group;
- (v) since the last audited consolidated financial statements of the I-Berhad Group, there have been no default or any known event that could give rise to a default situation, on payments of either interest and/or principal sums for any borrowings of I-Berhad Group, in which the Board is aware of;
- (vi) save as disclosed in this Prospectus, there have been no material change in the published reserves or any unusual factor affecting the profits of the I-Berhad Group since the last audited financial statements of I-Berhad Group; and
- (vii) as disclosed above and up to the date of this letter, no other reports are required in relation to the items (i) to (vi) above.

Yours faithfully,
For and on behalf of the Board of
I-BERHAD



PUAN SRI TEY SIEW THUAN
Executive Director

02 SEP 2014

APPENDIX VIII – FURTHER INFORMATION**1. SHARE CAPITAL**

- (i) Save for the Rights Shares, the Shares to be issued pursuant to the LTIP and the Bonus Issue, the new Shares to be issued pursuant to the exercise of the Warrants and the conversion of the ICULS, the RCULS-A and the RCULS-B, no other securities will be allotted or issued on the basis of this Prospectus later than twelve (12) months after the date of issue of this Prospectus.
- (ii) Save as disclosed below, no person has been, is or would be entitled to be granted an option to subscribe for any securities in our Company as at the LPD:
 - (a) Pursuant to the Rights Issue with Warrants, our Rights Entitled Shareholders will be provisionally allotted with the Rights Shares and Warrants;
 - (b) Pursuant to the OFS, our OFS Entitled Shareholders will be provisionally allotted with the ICULS;
 - (c) Pursuant to the Acquisitions, our Company has provisionally allotted the ICULS to Sumurwang on 27 August 2014, wherein Sumurwang has offered approximately 48% of the total ICULS to be taken up under the OFS;
 - (d) Pursuant to the Kia Peng Land Acquisition, our Company has issued the RCULS-A to Sumuracres on 27 August 2014. Further details of the RCULS-A are set out in Section 3 of Appendix III of this Prospectus; and
 - (e) Pursuant to the Acquisitions, our Company has issued the RCULS-B to Sumurwang on 27 August 2014. Further details of the RCULS-B are set out in Section 3 of Appendix III of this Prospectus.

2. REMUNERATION OF DIRECTORS

The provisions in our Company's Articles of Association in relation to the remuneration of our Directors are as follows:

Article 95

The remuneration of the Directors shall be by fixed sum which shall from time to time be determined by the Company in General Meeting and such remuneration shall be divided amongst the Directors as they shall determine or failing agreement equally. The Directors shall also be paid such travelling, hotel or other expenses as may reasonably be incurred by them in the execution of their duties including such expenses incurred in connection with their attendance at meetings of Directors. If by arrangement with the other Directors any Director shall perform or render any duties or services outside his ordinary duties as a Director, the Directors may pay him special remuneration in a lump sum in addition to his ordinary remuneration. Fees payable to Directors shall not be increased except pursuant to a resolution passed at a General Meeting, where notice of the proposed increase has been given in the notice convening the meeting. The remuneration to executive Directors, may however include such percentage of profits as the Directors may determine but shall in any circumstances include the commission on or percentage of turnover. Non-executive Directors shall not in any event be remunerated by a commission or percentage of profits or turnover.

Article 102

The remuneration of a Managing Director and the Deputy Managing Directors, if any, shall from time to time be fixed by the Directors and may be by way of salary or commission or participation in profits or otherwise or by all of these modes, but shall not be by a commission on or percentage of turnover.

APPENDIX VIII – FURTHER INFORMATION (Cont'd)

3. CONSENTS

The Principal Adviser, Lead Arranger, Underwriter, Facility Agent, Principal Bankers, Share Registrar, Paying Agent, Solicitors, Trustee for the ICULS holders and Sumurwang have given and have not subsequently withdrawn their written consents for the inclusion of their names and all references thereto in the form and context in which they appear in this Prospectus pertaining to the Rights Issue with Warrants and/or the OFS.

BDO, our Auditors and Reporting Accountants has given and has not subsequently withdrawn its written consent for the inclusion of its name, its letter relating to our proforma consolidated statement of financial position as at 31 December 2013 and report relating to our audited consolidated financial statements for the FYE 31 December 2013 respectively, and all references thereto in the form and context in which they appear in this Prospectus.

Pacific Trustees Berhad, as the custodian nominated by I-Berhad to hold the ICULS in a securities account maintained by Pacific Trustees Berhad with a SSDS Participant in favour of successful subscribers who are not SSDS Participants (in the event that the ICULS are not listed), has given and has not subsequently withdrawn its written consent for the inclusion of its name and all references thereto in the form and context in which they appear in this Prospectus pertaining to the OFS.

Bloomberg Finance L.P. has given and has not subsequently withdrawn its written consents for the inclusion of its name and/or citation of the market data compiled by them, in the form and context in which they appear in this Prospectus.

4. MATERIAL CONTRACTS

Save as disclosed below, there are no other material contracts (not being contracts entered into in the ordinary course of business) which have been entered into by our Group within two (2) years immediately preceding the date of this Prospectus:

- (i) the joint venture and shareholders' agreement dated 19 July 2013 entered into between ICP (a wholly-owned subsidiary of our Company), I-Berhad, CPN, Central Plaza I-City Malls, Central Plaza I-City Sdn Bhd and Central Plaza I-City Real Estate Sdn Bhd for the development of the Mall Land and management of the "Central Plaza @ I-City" mall in connection with the CPN Joint Venture;
- (ii) the sale and purchase agreement dated 19 July 2013 entered into between The Peak @ KLCC (as vendor), Central Plaza I-City Real Estate Sdn Bhd (as purchaser), Sumur Heights Sdn Bhd, Sumurwang Industries Sdn Bhd, Top Capital Sdn Bhd, Sumur Marketing Sdn Bhd and Sumurwang Development Sdn Bhd (collectively, the "**Land Proprietors**"), being the registered proprietors of the Mall Land and I-Berhad in relation to the Mall Land Acquisition;
- (iii) the Development Agreement dated 19 July 2013 entered into between Central Plaza I-City Real Estate Sdn Bhd and Central Pattana, whereby Central Plaza I-City Real Estate Sdn Bhd had appointed Central Pattana as the service provider for the provision of design and development, and construction management services for the "Central Plaza @ I-City" mall development project for a total consideration of RM340,000.00 on a monthly basis;
- (iv) the Property Management Agreement dated 19 July 2013 entered into between Central Plaza I-City Real Estate Sdn Bhd and Central Plaza I-City Sdn Bhd, whereby Central Plaza I-City Real Estate Sdn Bhd had appointed Central Plaza I-City Sdn Bhd as the property manager of the "Central Plaza @ I-City" mall for a consideration of a basic service fee of an amount equivalent 3.25% of the net revenue and the incentive management fee of an amount equivalent to 6.5% of the gross operating profit to be paid on a monthly basis;

APPENDIX VIII – FURTHER INFORMATION (Cont'd)

- (v) the Trade Mark Licence Agreement dated 19 July 2013 entered into between Central Pattana, as the licensor and Central Plaza I-City Malls Malaysia Sdn Bhd, as the licensee for the right to use the licensed trademarks belonging to that of CPN and/or any of CPN's affiliates on a royalty-free basis subject to terms and conditions therein for a total cash consideration of RM10.00;
- (vi) the Stakeholder Agreement dated 31 July 2013 into between Central Pattana, ICP, I-Berhad, Central Plaza I-City Real Estate Sdn Bhd, Central Plaza I-City Malls Malaysia Sdn Bhd and CIMB Commerce Trustee Berhad ("**CCTB**") to jointly appoint CCTB as stakeholder for RM7,265,639.52;
- (vii) the sale and purchase agreement dated 24 October 2013 entered into between I-Berhad (as the issuer), I-Marcom Sdn Bhd (as the purchaser) and Sumuracres (as the vendor) in relation to the Kia Peng Land Acquisition;
- (viii) the sale and purchase agreement dated 20 December 2013 entered into between I-Berhad (as the issuer), ICP (as the purchaser) and The Peak @ KLCC (as the vendor and beneficial owner of the SOHO Land) together with the Land Proprietors, being the registered proprietors of the SOHO Land in relation to the SOHO Land Acquisition ("**SOHO Land SPA**");
- (ix) the sale and purchase agreement dated 20 December 2013 entered into between I-Berhad (as the issuer), CCSB (as the purchaser) and The Peak @ KLCC (as the vendor and beneficial owner of the Tower Land) together with the Land Proprietors, being the registered proprietors of the Tower Land in relation to the Tower Land Acquisition ("**Tower Land SPA**");
- (x) the termination and payment agreement dated 1 April 2014 entered into between The Peak @ KLCC and I-Berhad in connection with the Arrangement;
- (xi) the supplemental agreement dated 12 May 2014 entered into between The Peak @ KLCC, ICP, I-Berhad and the Land Proprietors whereby the parties agree to execute the supplemental agreement in respect of the SOHO Land SPA, for the waiver and deletion of the condition precedent requiring that the amount owing to the Land Proprietors by The Peak @ KLCC to be settled in full prior to the SOHO Land Acquisition becoming unconditional but to be delivered on completion instead;
- (xii) the supplemental agreement dated 12 May 2014 entered into between The Peak @ KLCC, CCSB, I-Berhad and the Land Proprietors whereby the parties agree to execute the supplemental agreement in respect of the Tower Land SPA, for the waiver and deletion of the condition precedent requiring that the amount owing to the Land Proprietors by The Peak @ KLCC be settled in full prior to the Tower Land Acquisition becoming unconditional but to be delivered on completion instead;
- (xiii) the RCULS-A deed poll dated 18 August 2014 executed by I-Berhad to, amongst others, create and issue the RCULS-A at the applicable coupon rate for the RCULS-A, to the RCULS-A sole subscriber;
- (xiv) the RCULS-B deed poll dated 18 August 2014 executed by I-Berhad to, amongst others, create and issue the RCULS-B at the applicable coupon rate for the RCULS-B, to the RCULS-B sole subscriber;
- (xv) the agency agreement dated 18 August 2014 entered into between I-Berhad as issuer, CIMB as facility agent, Sumuracres Sdn Bhd as RCULS-A sole subscriber and Sumurwang as RCULS-B sole subscriber, for I-Berhad to appoint and irrevocably authorise CIMB to take such action on its behalf and to perform such duties and obligations and to exercise such powers, rights, discretions and authorities as are vested in it as the facility agent by the agency agreement;

APPENDIX VIII – FURTHER INFORMATION (Cont'd)

- (xvi) the Letter of Appointment dated 26 August 2014 issued by Pacific Trustees Berhad and accepted by I-Berhad for the appointment of Pacific Trustees Berhad as the nominated custodian to hold the ICULS on behalf of the non SSDS Participants in the event the ICULS are not listed for a fee of RM18,000 per annum including other transaction and/or processing fees which are chargeable on a per transaction basis;
- (xvii) the ICULS Trust Deed;
- (xviii) the ICULS agency agreement dated 27 August 2014 entered into between I-Berhad as issuer, Tricor Investor Services Sdn Bhd as paying agent and the Trustee, for I-Berhad to appoint Tricor Investor Services Sdn Bhd as the paying agent in relation to the payment of the ICULS Trust Deed;
- (xix) the ICULS issuance agreement dated 27 August 2014 entered into between I-Berhad as issuer, CIMB as lead arranger and facility agent, respectively whereby CIMB as lead arranger agree to arrange for I-Berhad, the issuance of the ICULS subject to the terms and conditions of the ICULS issuance agreement;
- (xx) the Warrants deed poll dated 28 August 2014 by I-Berhad to, amongst others, create and grant Warrants subject to the relevant conditions in the third schedule of the deed poll; and
- (xxi) the Underwriting Agreement.

5. MATERIAL LITIGATION

As at the LPD, neither the Company nor its subsidiaries is involved in any material litigation, claim or arbitration, either as plaintiff or defendant, and our Board confirms that there are no legal proceedings, pending or threatened against the Company or any of its subsidiaries, or of any fact likely to give rise to any proceedings which may materially or adversely affect the business or financial position of the Company or any of its subsidiaries.

6. GENERAL

- (i) There are no existing or proposed service contracts entered or to be entered into by I-Berhad with any Director or proposed Director, other than those which are expiring or determinable by the employing company without payment of compensation (other than statutory compensation) within 1 year from the date of issuance of this Prospectus; and
- (ii) Save as disclosed in this Prospectus, our Board confirms that the financial condition and operations of our Group are not affected by any of the following:
 - (a) material information including special 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;
 - (b) known trends, demands, commitments, events or uncertainties that will result in or are likely to materially increase or decrease our Group's liquidity;
 - (c) material commitments for capital expenditure;
 - (d) unusual, infrequent events or transactions or significant economic changes that materially affect the amount of reported income from our operations; and

APPENDIX VIII – FURTHER INFORMATION (Cont'd)

- (e) known trends or uncertainties that have had, or that our Group reasonably expects to have, a material favourable or unfavourable impact on our Group's revenues or operating income.

7. DOCUMENTS FOR INSPECTION

Copies of the following documents are available for inspection at the Registered Office of our Company located at D-1-4, Jalan Multimedia 7/AJ, CityPark, i-City, 40000 Shah Alam, Selangor Darul Ehsan during normal business hours from Monday to Friday (except public holidays) for a period of twelve (12) months from the date of issuance of this Prospectus:

- (i) our Memorandum and Articles of Association;
- (ii) the ICULS Trust Deed;
- (iii) the Warrants Deed Poll;
- (iv) our audited consolidated financial statements for the past two (2) FYE 31 December 2012 and 31 December 2013;
- (v) our unaudited consolidated interim financial statements for the 6-month FPE 30 June 2014;
- (vi) the proforma consolidated statement of financial position of our Group as at 31 December 2013 together with the Reporting Accountants' letter as set out in Appendix IV of this Prospectus;
- (vii) the Directors' Report as set out in Appendix VII of this Prospectus;
- (viii) the material contracts referred to in Section 4 of this Appendix;
- (ix) the consent letters referred to in Section 3 of this Appendix;
- (x) the undertaking letters dated 9 May 2014 in relation to the Undertakings from Tan Sri Lim Kim Hong, Puan Sri Tey Siew Thuan, Sumurwang, Sumurwang Capital and Sumur Ventures as referred to in Section 4.1 of this Prospectus;
- (xi) the Nomination Letters and the Sumurwang Undertaking referred to in Section 1.4 of this Prospectus; and
- (xii) the Underwriting Agreement.

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APPENDIX VIII – FURTHER INFORMATION (Cont'd)

8. RESPONSIBILITY STATEMENT

Our Board and the Sumurwang Board have seen and approved all the Documents and they collectively and individually accept full responsibility for the accuracy of the information given and confirm that, after having made all reasonable inquiries and to the best of their knowledge and belief, there are no false or misleading statements or other facts which if omitted would make the statements in the Documents false or misleading.

CIMB, being the Principal Adviser, acknowledges that, based on all available information, and to the best of its knowledge and belief, this Prospectus constitutes a full and true disclosure of all material facts concerning the Corporate Exercises.

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