
4. INFORMATION ON OUR GROUP (Cont'd)

The main objective of the housing programmes during the Eighth Plan period was in line with the housing policy of providing adequate, quality and affordable houses to all Malaysians. The planning and implementation of housing development programmes were based on the human settlement concept, which included the provision of public amenities such as community halls, playgrounds for children, clinics, shop houses and open spaces. While public sector housing programmes continued to focus on providing low-cost houses for the low-income group and towards the elimination of squatters in urban areas, the private sector continued to build houses to meet the overall market demand. To enhance the quality of life and socio economic status of the urban population, efforts were undertaken to improve the quality of urban services as well as provide better infrastructure and public amenities.

The performance of housing development programmes was encouraging with the number of houses constructed surpassing the Plan target. A total of 844,043 units were completed. Of the total, 77.6 per cent was constructed by the private sector while the remaining by the public sector.

As part of the Government's efforts to increase the construction of low-and low-medium-cost houses, the SPNB undertook housing development projects to cater for the housing needs of the population. During the Plan period, SPNB implemented the Program Perumahan Mampu Milik, Program Perumahan Mesra Rakyat and housing projects for military personnel. In addition, SPNB undertook the rehabilitation of selected abandoned housing projects including those of the private sector as identified by the Ministry of Housing and Local Government ("MHLG").

The Housing Development Act, (Control and Licensing) 1966 was amended in 2002 to expand the scope of enforcement by MHLG to include projects implemented by government agencies and cooperatives, provision for quality control and timely completion of housing projects as well as the establishment of the Tribunal for Homebuyer Claims. The Tribunal, which handled claims below RM25,000, registered a total of 10,074 claims whereby 8,569 cases were resolved during the Plan period.

During the Ninth Plan period, the development of the housing sector will continue to focus on the provision of adequate, affordable and quality houses for all Malaysians. Towards this end, the private sector will undertake the lead role while the public sector will provide the necessary support and regulatory measures to ensure efficiency. To meet the needs of the low-income group, emphasis will continue to be given to the development of low-and low-medium-cost houses at suitable locations provided with adequate public amenities. To improve the quality of life of the urban population, the provision of urban services will focus on expanding the scope of coverage of the local authorities, creating a safe living environment, increasing people participation as well as ensuring sustainable urban planning and development.

4. INFORMATION ON OUR GROUP (Cont'd)

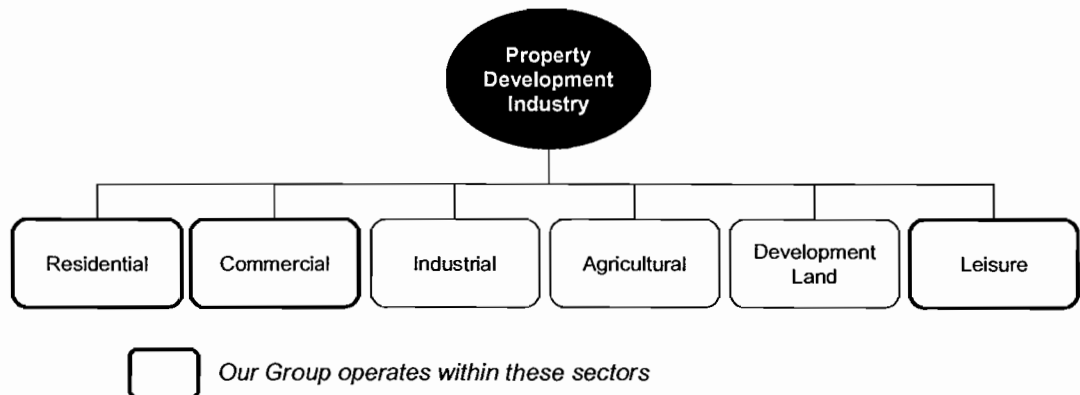
The strategic thrusts of housing development and urban services during the Plan period will be as follows:-

- Providing adequate, affordable and quality houses, particularly to meet the needs of the low-income group, with greater emphasis on appropriate locations and conducive living environment;
- Reviewing laws and regulations to ensure proper development of the housing sector;
- Encouraging private sector participation in the construction of low-and low-medium-cost houses;
- Improving the efficiency and capability of local authorities;
- Ensuring provision of quality urban services; and
- Encouraging greater community participation in urban development.

(Source: Ninth Malaysia Plan 2006 – 2010)

4.18.2 Overview of the Property Development Industry

Property Development Industry is broadly segmented into the following six (6) sectors:-



Our Group operates within the various sectors including residential, commercial and leisure property under the total umbrella of property development.

(i) Residential properties are segmented into the following according to the cost of construction:-

(a) Terraced House

- Single storey low-cost;
- Single storey standard;
- Double storey low-cost;
- Double storey medium-cost/ economy;
- Double storey standard; and
- 2 to 3 storeys.

(The above are subdivided by reference to the number of storeys and cost of construction).

4. INFORMATION ON OUR GROUP (Cont'd)

(b) Semi-Detached

- Low-cost;
- Medium-cost;
- Single storey;
- Double storey; and
- 2 to 3 storeys.

(The above are subdivided by reference to the number of storeys and cost of construction).

(c) Detached

- Single storey within housing estate;
- Double storey within housing estate; and
- Individually-designed.

(d) Flat/ Apartment/ Condominium

- Low-cost flat;
- 1 – 2 bedrooms (standard and luxury types); and
- 3 bedrooms or more (standard and luxury types).

(e) Land for Residential Development**(f) A Subdivided Lot for One House**

- Single plot; and
- Small site.

(ii) Commercial properties are segmented into the following types:-**(a) Office**

- Purpose-built office block; and
- Office space in shophouse.

(b) Shop and Shopping Complex

- Pre-war shop;
- Post-war shop;
- Retail lot in shopping complex; and
- Lock-up shop.

(iii) Industrial properties comprised the following:-

- (a) Terraced factory/ warehouse;
- (b) Semi-detached factory/ warehouse;
- (c) Detached factory/ warehouse;
- (d) Industrial complex – flatted factory; and
- (e) Industrial site – industrial plot.

4. INFORMATION ON OUR GROUP (Cont'd)

(iv) **Agricultural/ rural properties comprised the following:-**

- (a) Estate land;
- (b) Forestry;
- (c) Kampung land;
- (d) Rubber;
- (e) Oil palm;
- (f) Paddy;
- (g) Coconut;
- (h) Cocoa;
- (i) Pineapple;
- (j) Orchard;
- (k) Durian; and
- (l) Horticulture/ vegetable.

(v) **Development land is segmented into the following:-**

- (a) Residential;
- (b) Commercial;
- (c) Industrial; and
- (d) Mixed.

(Including land that is not converted or approved for higher use or converted but still not subdivided).

(vi) **Leisure properties include:-**

- (a) Hotel;
- (b) Motel;
- (c) Resort;
- (d) Recreational Park;
- (e) Golf Course; and
- (f) Marina.

(Source: *Assessment of the Property Development Industry, Vital Factor*)

4.18.3 Supporting Operations of Property Development

In general, the property development is mainly supported by two (2) major operations:-

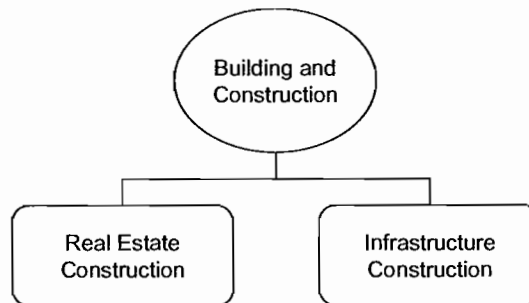


(i) **Building and Construction**

The Building and Construction Industry, through the use of labour, converts raw materials in the form of building materials to various forms of buildings and infrastructures.

4. INFORMATION ON OUR GROUP (Cont'd)

There are two (2) distinct types of building and construction activities as depicted in the diagram below:-



Real estate constructions are focused on constructing physical buildings for habitation or commercial use.

Infrastructure constructions are focused on the construction of infrastructures including:-

- Roads and highways;
- Utilities such as water, sewerage, telecommunications, power and gas; and
- Major public structures like dams, bridges, airports, ports, railways, sport stadiums and car racing circuits.

Based on the above, the role of the Building and Construction Industry is very significant to the overall development of the nation.

(ii) Supporting Services

Supporting services that are focused on the building and construction sector include the following:-

- Civil and structural engineering;
- Mechanical and electrical engineering;
- Mineral, mining, soil and geotechnical;
- Quantity surveying;
- Land surveying; and
- Landscaping.

Some supporting services are also directly relevant to the Property Development Industry. Some of these services include:-

- Town planning;
- Environmental impact consultant;
- Architectural;
- Interior designing;
- Legal;
- Estate valuation;
- Project management;
- Market research;
- Advertising and promotions; and
- Real estate sales.

(Source: *Assessment of the Property Development Industry, Vital Factor*)

4. INFORMATION ON OUR GROUP (Cont'd)

4.18.4 Performance of the Industry

(i) Residential Sector - Malaysia

In 2009, residential properties accounted for about 57.1% or RM41.8 billion of total transaction value of approximately RM81.0 billion for all types of properties sold during the year.

In 2009, the total volume of residential properties transacted represented 62.6% or 211,600 units of total transacted volume of 337,859 units for all types of properties.

The overall performance of housing development in Malaysia is depicted as follows:-

- Between 2005 and 2009, the completed residential units decreased by an average annual rate of 13.2%. In 2009, 102,411 residential units were completed, which represented a drop of 25.2% compared to 2008.
- In the Ninth Malaysia Plan, the Government continues to focus on the provision of adequate, affordable and quality houses for Malaysians. During the Ninth Malaysia Plan period, the requirement for new houses was estimated at 709,400 units. Of these, 19.2% will be in Selangor (includes Wilayah Persekutuan Putrajaya), followed by Johor at 12.9%, Sarawak at 9.4%, and Perak at 8.2%. The remainder of the units will be built among other states and the Federal Territory of Malaysia.

According to the Ninth Malaysia Plan, the allocation for the development expenditure and allocation for housing and urban services has increased by 31.1% to RM18.4 billion compared to the expenditure of RM14.1 billion during the Eighth Malaysia Plan.

(ii) Performance of the Construction Industry

The construction sector in Malaysia represented 3.1% share of total GDP at current prices in 2009. Between 2005 and 2009, the GDP of construction sector at current prices increased at an average annual rate of 7.8%. In 2009, the GDP of the construction sector experienced a growth of 8.1% at current prices.

Between 2005 and 2009, the value of property transactions continued to register an average annual growth rate of 9.3%. In 2009, the value of property transactions amounted to RM81.0 billion, which represented a drop of 8.3% compared to the previous year.

(Source: *Assessment of the Property Development Industry, Vital Factor*)

4. INFORMATION ON OUR GROUP (Cont'd)

4.18.5 Future Growth and Outlook of the Industry

In light of the global financial crisis that has affected Malaysia's economy, the outlook of the overall property development industry in Malaysia may be challenging in the short term. A slowdown in Malaysia's economy may impact on the demand for properties. This prognosis is supported by the following observations:-

- In 2009, the unfavourable global economic conditions have resulted in the contraction of 1.7% in Malaysia's real GDP;
- In 2009, the value of overall property transactions declined by 8.3% compared to 2008;
- In 2009, the number of residential units completed dropped by 25.2% compared to 2008.
- In 2009, the number of residential property transactions decreased by 2.4%, while total value of residential property transactions grew by 1.3% compared to 2008;
- In 2009, the total value of commercial property transactions declined by 1.4% compared to 2008.

However, there are strong indications that economic conditions in Malaysia are improving and the outlook for the medium term would be better compared to 2009. This is supported by the following observations:-

- While real GDP for 2009 contracted by 1.7%, real GDP for 2010 is forecasted to grow between 4.5% and 5.5%;
- Business Conditions Index for the fourth quarter of 2009 improved by 121% compared to the fourth quarter of 2008;
- Despite a decline in overall property transacted in 2009, the GDP of construction sector at current prices experienced a growth of 8.1% in 2009; and
- The real GDP of the construction sector is forecasted to grow by 3.2% in 2010.

As such, it is expected that once Malaysia fully recovers from the current economic slowdown, the property development industry would continue to grow and this would augur well for the operators within this industry.

(Source: *Assessment of the Property Development Industry, Vital Factor*)

4. INFORMATION ON OUR GROUP (Cont'd)

4.18.6 Players and Competition

The competitive nature of the Property Development Industry within the residential sector can be segmented into two (2) categories:-

- (i) Government mandated low-cost housing; and
- (ii) Non-government mandated housing.

Government mandated low-cost housing is not subjected to competitive forces, but is regarded as Universal Service Obligations required of property developers.

Development of non-government mandated housing is subjected to normal competitive conditions.

Development of non-Residential Properties is also subjected to normal competitive conditions.

As with most free enterprise environments, competition among non-government mandated housing is based on a number of factors, including, among others:-

- (i) Pricing;
- (ii) Location;
- (iii) Infrastructure and amenities;
- (iv) Quality of development; and
- (v) Reliability and reputation of developer.

The competition in the Property Development Industry is predicated by the following factors:-

- (i) As at 31 October 2009, there were approximately 5,000 active property developers in Malaysia.
- (ii) As at June 2009, the Real Estate and Housing Developers' Association of Malaysia had approximately 1,000 members, most of which were property developers.
- (iii) In 2007, taking the number of construction establishments as another indicator for ease of entry of property developers, there were 5,543 establishments in the Construction Industry of which:-
 - (a) 1,091 were in residential construction; and
 - (b) 874 were in non-residential construction.

4. INFORMATION ON OUR GROUP (Cont'd)

However, competition within the Property Developer Industry can be moderated by the following factors:-

- (i) Operators with a high degree of integration and value-adding in terms of in-house engineering and architectural, building and construction are likely to enjoy competitive advantages such as better end-to-end quality control and achieve higher cost effectiveness;
- (ii) Ability to provide the convenience of one-stop solutions to customers, including provision of interior design and fit-out services, as well as property management services;
- (iii) Property developers that provide a wide range of products and options in terms of size, price range and types of properties, such as condominiums, terrace houses and bungalows for residential sector, shop offices and multipurpose offices for the commercial sector, would be in a better position to meet a wider range of customers' needs as well as be able to capture various market segments within the Property Development Industry. As such, competitive pressure for such operators are somewhat moderated;
- (iv) Operators with in-house engineering and architectural skills are critical as it enable the operators to undertake the full property development activities including engineering and architecture processes to build quality properties. As such, operators of property development with in-house engineering and architectural capabilities would be able to differentiate themselves from all other operators without these types of in-house capabilities; and
- (v) Reputable and established operators with their own in-house brands are also able to differentiate themselves from other competitors and provide a competitive edge to compete effectively in this industry.

As at 31 October 2009, there were approximately 5,000 active property developers in Malaysia. As at June 2009, there were approximately 250 established property developers in Penang.

(Source: *Assessment of the Property Development Industry, Vital Factor*)

4.18.7 Estimated Market Coverage, Position and Share

(i) Market Size and Share in Malaysia

(a) Total Property Market

In 2009, the size of the total property market in Malaysia in terms of total value of property transactions was RM81.0 billion.

In 2009, the market share of our Group for the total property market in Malaysia was estimated at 0.1%. This is based on our Group's total revenue of approximately RM116.3 million from property development for the FYE 2009.

4. INFORMATION ON OUR GROUP (Cont'd)**(b) Residential Property Market**

In 2009, the size of the Residential Property market in Malaysia in terms of total value of property transactions was RM41.8 billion.

In 2009, the market share of the Ivory Group for the Residential Property market in Malaysia (a sub-sector of the total property market) was estimated at 0.2%. This is based on our Group's revenue of approximately RM97.8 million from Residential Property for the FYE 2009.

(c) Commercial Property Market

In 2009, the size of the Commercial Property market in Malaysia in terms of total value of property transactions was RM16.4 billion.

In 2009, the market share of the Ivory Group for the Commercial Property market in Malaysia (a sub-sector of the total property market) was estimated at 0.1%. This is based on our Group's revenue of approximately RM18.5 million from Commercial Property for the FYE 2009.

(ii) Market Size in the Property Market in Penang**(a) Total Property Market**

In 2009, the size of the total property market in Penang in terms of total value of property transactions was RM6.5 billion.

In 2009, the market share of the Ivory Group for the total property market in Penang was estimated at 2%. This is based on the Ivory Group's revenue of approximately RM116.3 million from property development for the FYE 2009.

(b) Residential Property Market

In 2009, the size of the Residential Property market in Penang in terms of total value of property transactions was RM3.7 billion.

In 2009, the market share of the Ivory Group for the Residential Property market in Penang (a sub-sector of total property market) was estimated at 3%. This is based on our Group's revenue of approximately RM97.8 million from Residential Property for the FYE 2009.

4. INFORMATION ON OUR GROUP (Cont'd)

(c) Commercial Property Market

In 2009, the size of the Commercial Property market in Penang in terms of total value of property transactions was RM950.9 million.

In 2009, the market share of the Ivory Group for the Commercial Property market in Penang (a sub-sector of total property market) was estimated at 2%. This is based on our Group's revenue of approximately RM18.5 million from Commercial Property for the FYE 2009.

(Source: *Assessment of the Property Development Industry, Vital Factor*)

4.18.8 Laws and Regulations

The relevant laws and regulations governing the Property Development Industry are as set out below:-

(i) Government Laws, Regulations and Policies

The Property Development Industry is regulated at three (3) levels of authority as follow:-

- (a) Federal Government;
- (b) State Government; and
- (c) Local Government.

The Federal Government regulates on matters as follow:-

- (a) Control and licensing of developers;
- (b) Protection of environment;
- (c) Formulation of national housing policy; and
- (d) Control of foreign investment.

The State Government has sole jurisdiction over land matters covering the following:-

- (a) Issuance of titles;
- (b) Conversion;
- (c) Amalgamation and subdivision; and
- (d) Imposition of conditions for foreign ownership of property.

The Local Government administers all aspects of the following:-

- (a) Building plans approval;
- (b) Building inspection; and
- (c) Provides maintenance service of infrastructure such as roads and street lighting, refuse disposal, etc.

The PSP of a building plan, a professional architect, engineer or building draftsman of the project, is responsible for the issuance of the CCC. However, the Local Government may inspect the building site at any time and has the authorities to issue written notice to PSP to rectify any non-compliance or withhold the issuance of CCC until such non-compliance is rectified.

4. INFORMATION ON OUR GROUP (Cont'd)

Before starting any project, the developer is required to obtain the following from the Ministry of Housing and Local Government:-

- (a) Housing Developer Licence; and
- (b) Advertising Permit.

Apart from the above, there are no material government laws, regulations and policies that may impede on our Group's performance and growth.

(a) Housing Developer Licences

According to Housing Development (Control and Licensing) Act 1966, any housing development undertaken by a housing developer must possess a licence issued by the Ministry of Housing and Local Development.

As a property developer, our Group has the following licences:-

Subsidiary and Associated Company	Name of Property Development	Validity Period	Commencement and Expiry Date
IMSB	Moonlight Bay	5 Years	25 October 2005 until 24 October 2010
ICSB*	Island Resort	5 Years	18 April 2008 until 17 April 2013
IVSB*	Mount Erskine Development	5 Years	6 February 2009 until 5 February 2014

* Associated companies.

(b) Registration of Contractors

With effect from 20 July 1995, it is mandatory under Laws of Malaysia, Act 520, Lembaga Pembangunan Industri Pembinaan Malaysia Act 1994 ("Act 520") for all builders, contractors and sub-contractors, whether local or foreign, to register with the CIDB and comply with the provisions of the Lembaga Pembangunan Industri Pembinaan Malaysia Act 1994, before undertaking or executing any construction work in Malaysia.

The Certification of Registration issued by the CIDB is valid for a minimum period of one (1) year and a maximum term not exceeding three (3) years, unless cancelled, suspended or revoked earlier by CIDB.

There are three (3) categories of registration as follows:-

- Building construction;
- Civil engineering construction; and
- Mechanical and electrical.

4. INFORMATION ON OUR GROUP (Cont'd)

The scope of registration is further classified into 7 grades and is differentiated by their respective tender capacities:

Grade	Tender Capacity (RM)
G1	Not exceeding 100,000
G2	Not exceeding 500,000
G3	Not exceeding 1 million
G4	Not exceeding 3 million
G5	Not exceeding 5 million
G6	Not exceeding 10 million
G7	No limit

IASB, a wholly owned subsidiary of Ivory, is registered with the CIDB as a G7 contractor under the following categories:-

Category	Specialisation
Civil Engineering Construction	General Civil Engineering Works
Building Construction	General Building and Maintenance

As a G7 contractor, this category of registration allows our Group to carry out civil engineering construction and building construction works with no limitation as to the size of project.

(ii) Government Incentives

Currently, there are no specific incentives relating to the Property Development Industry.

(iii) Environmental Regulations

Under the Environmental Quality (Prescribe Activities) (Environment Impact Assessment) Order, 1987, Housing Development covering an area of 50 acres or more is required by the Department of Environment to carry out an Environment Impact Assessment to be submitted to the Department of Environment for approval.

This ensures that efforts are made to adequately address environmental degradation. It also ensures that environmental factors are given due consideration by integrating environmental aspects into local plans.

(Source: *Assessment of the Property Development Industry, Vital Factor*)

4. INFORMATION ON OUR GROUP (Cont'd)

4.18.9 Demand and Supply**(i) Demand Dependencies**

The demand for property, as for any goods and services, are dependent on a number of internal and external factors. Some of the major demand dependencies are as described below:-

(a) Economic Well-Being of the Nation

Some of the economic factors that determine the well-being of the nation include the following:-

- GDP;
- GNP; and
- Performance of the local capital markets.

The economic well being of the nation directly influences the following factors:-

- Consumer confidence;
- Business confidence;
- Disposable income; and
- Unemployment rates.

These factors in turn affect the take-up or otherwise, of properties.

(b) Micro and Macro Economics

Demand for properties is also dependent on the following economic and fiscal policies adopted by the government:-

- Interest rates;
- Money supply;
- Lending policies;
- Balance of payments; and
- Consumer price index.

(c) Government Policies and Local Government Regulations

Government and local government policies also have an effect on the demand for property including, among others the following:-

- Policies and regulations on foreign ownership and disposal of properties;
- Bumiputera quota; and
- Low-cost housing quota.

These policies and regulations have the impact on curbing demand from selected sectors of the community.

(d) Supply and Demand

The property sector is also subjected to the economics of supply and demand.

4. INFORMATION ON OUR GROUP (Cont'd)

(e) Desirability of Product Including Location and Infrastructure

At the individual property and purchaser level, the demand for any property is also dependent on the product and surrounding factors, including the following:-

- Quality of product;
- Quality and aesthetics of the building and its surroundings;
- Reputation of the developer;
- Infrastructure including proximity to amenities;
- Location;
- Pricing of property; and
- Density of development.

At the macro level, many economic and market factors influence the demand of properties. However, at the individual level, different developers could either be more or less exposed to these external factors.

(f) Loans

One of the most critical demand dependencies, especially for the residential sectors, is the amount of loans given to buyers.

Availability of loans is predicated by many factors including the following from the lenders' perspective:-

- Liquidity in the market;
- Financial institutions' internal lending policies;
- Government policies; and
- Bank Negara policies and guidelines.

Total loans to the property sector increased from RM281.8 billion in December 2007 to RM352.6 billion in December 2009. Between December 2007 and December 2009, total loans to the property sector increased at an average rate of 2.8% per quarter.

During the December 2009 quarter, loans for the purchase of Residential Property amounted to RM209.7 billion. From December 2007 to December 2009, loans for the purchase of Residential Property recorded an average quarterly growth rate of 2.4%.

During the December 2009 quarter, loans for the purchase of non-residential property amounted to RM74.0 billion. Over the eight quarters from December 2007 to December 2009, loans for the purchase of non-residential property recorded an average quarterly growth rate of 3.8%.

4. INFORMATION ON OUR GROUP (Cont'd)

(ii) Supply Dependencies**(a) Supply Dependencies – Raw Materials**

The main raw materials used within the property development sector, which incorporates the Building and Construction Industry are mainly building materials. The main raw materials used are as follows:-

- (aa) Cement (including Portland Cement and Asbestos Cement);
- (bb) Concrete Products (including ready-mixed concrete, bricks, blocks, roofing tiles, piles, poles/posts, beams, and culverts);
- (cc) Clay and Refractory Construction Materials (including refractory bricks, clay roofing tiles, ceramic wall and floor tiles, clay pipes, and ceramic sanitary ware);
- (dd) Iron and Steel Products (including long products, flat rolled products, iron and steel bars and rods, and tubes and pipes, iron and steel angles, shapes and sections, hot rolled and cold rolled coil);
- (ee) Non-Ferrous Metals (including aluminium extrusions for windows and doors, curtain walls, aluminium panels and aluminium roofing); and
- (ff) Wood and Wood Products (including plywood, hardwood, veneer, particle board, block board, mouldings and builders' carpentry and joinery, and reconstituted wood based panel).

The bulk of these building materials are easily available locally. Therefore any shortages of raw materials are minimised.

(b) Supply Dependencies – Financial Resources

One of the most critical supply dependencies is the financial resources needed to undertake the purchase of land and construction activities.

As such, access to loan is one the main dependencies to sustain business activities in the industry.

Loans for the construction sector showed relatively low growth amounting to an average 1.6% quarterly growth over the last eight quarters ended December 2009. This represented an average annual growth rate of 6.6% between December 2007 and December 2009.

4. INFORMATION ON OUR GROUP (Cont'd)

The loans for construction of residential properties grew at an average quarterly rate of 1.8% between December 2007 and December 2009, which represented an average annual increase of 7.4%.

Between December 2007 and December 2009, loans for the construction of commercial complexes decreased at an average quarterly rate of 1.3%, which represented an average annual decrease of 5.3%.

(Source: *Assessment of the Property Development Industry, Vital Factor*)

4.18.10 Substitute Products/ Services

There are no substitute products for property as stated below:-

(i) Residential

There are no practical substitutes for residential housing. However, there is a choice of different types of properties such as low cost houses or flats, medium-cost terrace houses and higher-end properties like condominiums, semi-detached or bungalow houses.

(ii) Commercial

There are no practical substitutes for commercial properties. However, there is a choice of different types of commercial properties such as purpose-built offices, shop houses or shop offices and higher-end shops or shopping complexes. In addition, in a very small number of cases, residential homes are converted into small offices, workshops or showrooms.

(ii) Leisure Property

There are no practical substitutes for leisure properties. However, there is a choice of different types of leisure properties such as hotels, motels and resorts that perform the same functions to provide short-term accommodation for hotel guests or travellers.

The Ivory Group is currently developing the following types of properties:-

- (i) Residential; and
- (ii) Commercial including office and retail shops, and shopping complexes.

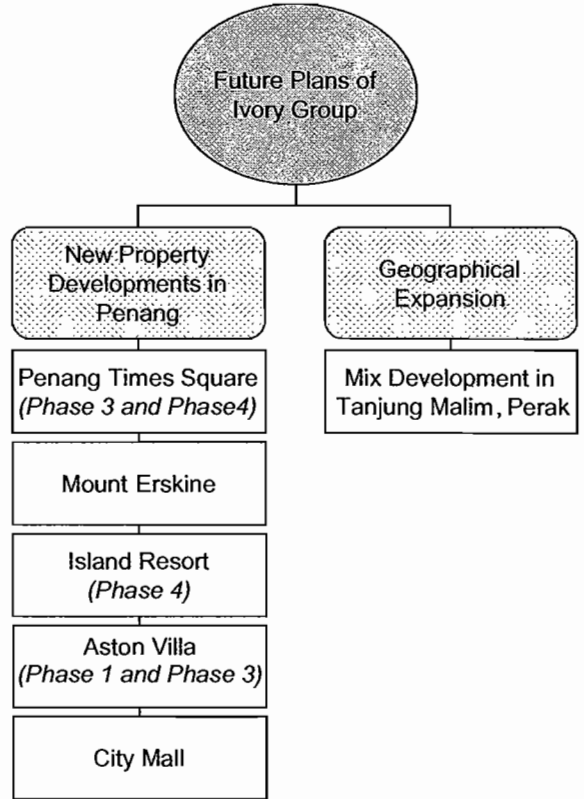
As part of the on-going plans, our Group intends to develop leisure properties focusing on the hotel sector.

(Source: *Assessment of the Property Development Industry, Vital Factor*)

4. INFORMATION ON OUR GROUP (Cont'd)

4.19 FUTURE PLANS, STRATEGIES AND PROSPECTS

The future plans of our Group and our associated companies are focused in two (2) key areas as depicted in the diagram below:-



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4. INFORMATION ON OUR GROUP (Cont'd)

(i) New Property Developments in Penang

Our Group will continue to focus on new property development projects in Penang. Our Group's and our associated companies' future projects are listed below:-

	Future Projects	Location	Type of Development	Estimated Number of Units	Estimated Sales Value (RM'million)	Expected Commencement and Completion Dates
1.	By Our Subsidiaries Penang Times Square – Phase 3	Jalan Dato Keramat	^(a) 2 blocks of 20-storey condominium	200 ^(b)	470	2011 – 2014
			11-storey shopping complex	Not applicable		
			Exhibition and convention centre	1		
	Penang Times Square – Phase 4	Jalan Dato Keramat	16-storey hotel (352 rooms)	Not applicable	155	2012 – 2015
			5-storey hotel podium with commercial space			
			6-storey commercial building			
2.	Aston Villa – Phase 1 and Phase 3	Bukit Mertajam	1 block of 4-storey shoplots	1	48	2012 – 2015
			2-storey of commercial retail	94		
3	City Mall	Tanjong Tokong	Condominium	82 ^(c)	270	2011 - 2014
			Shopping complex	Not applicable		
4.	By Our Associated Companies Mount Erskine Development ^(d)	Tanjong Tokong	Condominium/ apartment	1,465 ^(c)	417	2010 – 2015
			Commercial shop lots	38		
5.	Island Resort – Phase 4 ^{(c)(e)}	Batu Feringgi	Condominium	152	121	2013 – 2016
	Total				1,481	

Notes:-

- (a) Excluding car parks and facilities.
- (b) Based on amended plans submitted to the relevant authorities which are pending approvals.
- (c) Based on amended plans to be submitted to the relevant authorities and to be subjected to the relevant authorities' approvals.
- (d) The Mount Erskine project is a rehabilitation project between IVSB, the landowner and the bank of which the development land was charged to. Our Group will undertake the whole development process including project planning and management, architectural and engineering design, building and construction, sales and marketing, and property management upon completion.
- (e) The Island Resort project is a joint venture between ICSB and the landowner. Our Group will undertake the whole development process including project planning and management, architectural and engineering design, building and construction, sales and marketing, and property management upon completion.

4. INFORMATION ON OUR GROUP (Cont'd)

Between 2010 and 2016, our Group plans to undertake five (5) property development projects in Penang with a proposed sales value of approximately RM1.5 billion. In line with our Group's overall business strategy, our Group continues to provide quality property comprising the following types:-

(a) Residential Property

- Condominiums;
- Terrace Houses;
- Semi-Detached Houses;
- Bungalows; and
- Apartments.

(b) Commercial Property

- Shopping Complexes;
- Exhibition and Convention Centre; and
- Shops.

(ii) Geographical Expansion

To address new markets and to create business growth, our Group intends to expand on our property development activities in Tanjung Malim, Perak.

Our Group plans to develop an estimated sales value of RM420 million mix property projects in Tanjung Malim, comprising landed houses and retail shops. The land area is around 498 acres.

The preliminary proposed development concept for Phase 1 of Ivory Eco Park @ Tanjung Malim comprises development of the following type of properties:-

(a) Residential Property

- Terrace house;
- Bungalow;
- Condominium; and
- Cluster house.

(b) Commercial Property

- Retail shops;
- Shop offices; and
- Clubhouse.

Our Group intends to commence Phase 1 of the project by 2013.

4. INFORMATION ON OUR GROUP (Cont'd)

(iii) Milestones

The following table indicates the estimated timing for implementation of the future plans of our Group:-

	2010	2011	2012	2013
New Property Developments in Penang				
- Mount Erskine Development	√			
- City Mall		√		
- Penang Times Square (Phase 3)		√		
- Penang Times Square (Phase 4)			√	
- Island Resort – Phase 4				√
- Aston Villa – Phase 1 and Phase 3			√	
Geographical Expansion				
- Mixed Development in Tanjung Malim, Perak				√

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5. INFORMATION ON PROMOTER, SUBSTANTIAL SHAREHOLDERS, DIRECTORS AND KEY MANAGEMENT

5.1 PROMOTER

5.1.1 Particular and Shareholding of the Promoter

The details of our Promoter and his shareholding in our Company before and after the IPO are as follows:-

Name	Nationality	Before the IPO ^(a)				After the IPO ^(b)			
		Direct		Indirect		Direct		Indirect	
		No. of Shares	%	No. of Shares	%	No. of Shares	%	No. of Shares	%
Dato' Low Eng Hock	Malaysian	103,611,704	73.43	-	-	97,611,566	52.48	-	-

Notes:-

- (a) Based on our issued and paid-up share capital of 141,101,000 Shares after the Subdivision, Acquisitions and Rights Issue.
 (b) Based on our enlarged issued and paid-up share capital of 186,000,000 Shares after the IPO.

5.1.2 Profile of the Promoter

The profile of our Promoter, Dato' Low Eng Hock who is also the Director of our Company is set out in Section 5.4.2 of this Prospectus.

5.2 SUBSTANTIAL SHAREHOLDERS

5.2.1 Particulars and Shareholdings of Substantial Shareholders

The details of our substantial shareholders and their shareholdings in our Company before and after the IPO are as follows:-

Name	Nationality	Before the IPO ^(a)				After the IPO ^(b)			
		Direct		Indirect		Direct		Indirect	
		No. of Shares	%	No. of Shares	%	No. of Shares	%	No. of Shares	%
Dato' Low Eng Hock	Malaysian	103,611,704	73.43	-	-	97,611,566	52.48	-	-
Ooi Choi Kiat	Malaysian	16,934,332	12.00	-	-	14,934,332	8.03	-	-

Notes:-

- (a) Based on our issued and paid-up share capital of 141,101,000 Shares after the Subdivision, Acquisitions and Rights Issue.
 (b) Based on our enlarged issued and paid-up share capital of 186,000,000 Shares after the IPO.

Save for the foregoing, we are not aware of any other person who directly or indirectly, jointly or severally, has significant influence over us.

5.2.2 Profiles of Substantial Shareholders

The profiles of the substantial shareholders, Dato' Low Eng Hock and Ooi Choi Kiat who are also the Directors of our Company are set out in Section 5.4.2 of this Prospectus.

5. INFORMATION ON PROMOTER, SUBSTANTIAL SHAREHOLDERS, DIRECTORS AND KEY MANAGEMENT (Cont'd)
5.3 SIGNIFICANT CHANGES IN THE PROMOTER'S AND SUBSTANTIAL SHAREHOLDERS' SHAREHOLDINGS IN OUR COMPANY

Save as disclosed below, there are no other significant changes in the shareholdings of our Promoter and substantial shareholders in our Company for the past three (3) years preceding LPD:-

Name	Date	Direct		Indirect	
		No. of Shares	%	No. of Shares	%
<u>Promoter and Substantial Shareholder</u>					
Dato' Low Eng Hock	^(a) 27.11.2004	^(b) 1	50.00	-	-
	30.11.2004	^(b) (1)	50.00	-	-
	^(c) 11.03.2010	103,611,596	73.43	-	-
	^(d) 15.03.2010	103,611,700	73.43	-	-
	^(e) 16.03.2010	103,611,704	73.43	-	-
<u>Substantial Shareholders</u>					
Chok Keng Vui	^(a) 27.11.2004	^(b) 1	50.00	-	-
	30.11.2004	^(b) (1)	(50.00)	-	-
Lim Hock Siu	30.11.2004	^(b) 1	50.00	-	-
	02.03.2006	(1)	(50.00)	-	-
Lim Ewe Eng Seang	30.11.2004	^(b) 1	50.00	-	-
	^(f) 11.03.2010	2	50.00	-	-
	16.03.2010	(2)	(50.00)	-	-
Wong Chin Aik	02.03.2006	^(b) 1	50.00	-	-
	^(f) 11.03.2010	2	50.00	-	-
	16.03.2010	(2)	(50.00)	-	-
Ooi Choi Kiat	^(e) 11.03.2010	16,934,315	12.00	-	-
	^(d) 15.03.2010	16,934,332	12.00	-	-

Notes:-

- (a) Date of incorporation of our Company.
 (b) Represents ordinary shares of RM1.00 each.
 (c) Pursuant to the Acquisitions.
 (d) Pursuant to the Rights Issue.
 (e) Pursuant to the transfer of 4 subscribers' Shares.
 (f) Pursuant to the Subdivision.

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5. INFORMATION ON PROMOTER, SUBSTANTIAL SHAREHOLDERS, DIRECTORS AND KEY MANAGEMENT (Cont'd)

5.4 DIRECTORS

5.4.1 Particulars and Shareholdings of Directors

The details of our Directors and their shareholdings in our Company before and after the IPO are as follows:-

Name	Designation	Before the IPO ^(a)				After the IPO ^(b)			
		Direct		Indirect		Direct		Indirect	
		No. of Shares	%	No. of Shares	%	No. of Shares	%	No. of Shares	%
Dato' Low Eng Hock	Chairman/ Group Chief Executive Officer	103,611,704	73.43	-	-	97,611,566	52.48	-	-
Dato' Seri Nazir Ariff Bin Mushir Ariff	Deputy Chairman/ Executive Director	681,054	0.48	-	-	681,054	0.37	-	-
Loh Chin Chuen	Executive Director	29,895	0.02	-	-	78,165	0.04	-	-
Ooi Choi Kiat	Non-Independent Non-Executive Director	16,934,332	12.00	-	-	14,934,332	8.03	-	-
Loh Chye Teik	Independent Non-Executive Director	-	-	-	-	20,000	0.01	-	-
Dr Asairinachan Aravinachan Kunjamboo	@ A/L Independent Non-Executive Director	-	-	-	-	20,000	0.01	-	-
Lim Hock Siu	Independent Non-Executive Director	-	-	-	-	20,000	0.01	-	-

Notes:-

(a) Based on our issued and paid-up share capital of 141,101,000 Shares after the Subdivision, Acquisitions and Rights Issue.

(b) Based on our enlarged issued and paid-up share capital of 186,000,000 Shares after the IPO.

5.4.2 Profiles of Directors

The profiles of our Directors are as follows:-

(i) Dato' Low Eng Hock

Dato' Low Eng Hock, aged 47, is our Chairman and Group Chief Executive Officer and was appointed to our Board on 12 March 2010. As the founder and Group Chief Executive Officer, he has been instrumental in the growth, success and development of our Group. He has approximately 25 years of experience in the property development and building and construction industry. He is mainly responsible for the overall strategic business direction of our Group.

In 1985, he obtained his Bachelor Degree in Engineering with Distinction from Concordia University, Montreal, Canada. Subsequently, in 1985, he joined Low Theon & Sons Sendirian Berhad, a civil engineering contracting company. He was then in charge of a RM40 million Timah Tasoh Dam in Perlis, a RM150 million Kerian-Sg Manik Integrated Development Project in Perak under the Drainage and Irrigation Department and several other large scale infrastructure projects, all of which were completed successfully. In 1991, he began his career as a property developer via his involvement in the RM150 million Penang Gold Coast mixed development adjacent to Queensbay.

5. INFORMATION ON PROMOTER, SUBSTANTIAL SHAREHOLDERS, DIRECTORS AND KEY MANAGEMENT (Cont'd)

In 1999, he established IASB, the first company in our Group. Since then, under his progressive vision, pragmatic approach and proven leadership, our Group has become one of the major property developers in Penang. He currently holds several directorships in a number of private limited companies as disclosed in Section 5.4.3 of this Prospectus and he is also a member of International Council of Shopping Centers since November 2004 with the validity of the membership until September 2011.

(ii) Dato' Seri Nazir Ariff Bin Mushir Ariff

Dato' Seri Nazir Ariff Bin Mushir Ariff, aged 64, is our Deputy Chairman and Executive Director and was appointed to our Board on 12 March 2010. He is an Accountant by training and a Fellow of the British Institute of Management. He joined Escoy Holdings Berhad in 1973 as Commercial Executive and was subsequently promoted to various positions within the company between 1975 and 1988. Between 1988 and 2006, he was the Managing Director of Escoy Holdings Berhad and carries on as a Director of the company until to-date.

He is currently responsible for overseeing our Group's business development and corporate matters. He is also an Independent Non-Executive Director of Texchem Resources Berhad and holds several directorships in a number of private limited companies as disclosed in Section 5.4.3 of this Prospectus.

He is also the Chairman of Malaysian International Chamber of Commerce and Industry (Penang and the North Branch), Director and Trustee of Socio-Economic and Environmental Research Institute, members of Invest Penang Advisory Services Panel, Penang Economic Action Council and the Penang Halal Hub Committee, and council members of the Penang Business Development Committee and Wawasan Open University. He was also a former Director of the Kuala Lumpur Commodity Exchange, the Past President of Majlis Dato' Pulau Pinang and Past President and founder member of Penang Heritage Trust. He is actively involved in social and charitable work, namely as President of Children Protection Society and Trustee of World Wide Fund for Nature of Malaysia.

(iii) Loh Chin Chuen

Loh Chin Chuen, aged 48, is our Executive Director and was appointed to our Board on 12 March 2010. He obtained his Certificate in Building Technology from Tunku Abdul Rahman College in 1985. He has accumulated more than 20 years of experience in the property development and construction industries. He is a member of the Chartered Institute of Arbitrators since 1999 and a member of the Malaysian Institute of Arbitrators since 2002. He is also a committee member of the Real Estate and Housing Developers' Association Malaysia, Penang.

5. INFORMATION ON PROMOTER, SUBSTANTIAL SHAREHOLDERS, DIRECTORS AND KEY MANAGEMENT (Cont'd)

His career started in 1985 when he joined Jurukur Bahan Antara as Assistant Quantity Surveyor. In 1988, he left and joined Rita Engineering & Construction Sdn Bhd as a Quantity Surveyor. In 1990, he left and took up the position as Contract Manager with Low Theon & Sons Sendirian Berhad. He joined our Group in 1999 and was appointed as a Director in 2005. He also holds several directorships in a number of private limited companies as disclosed in Section 5.4.3 of this Prospectus. In 2009, he was appointed as an Alternate Director to Dato' Low Eng Hock in ICSB.

(iv) Ooi Choi Kiat

Ooi Choi Kiat, aged 53, is our Non-Independent Non-Executive Director and was appointed to our Board on 12 March 2010. He graduated in 1983 with a Bachelor of Housing, Building and Planning from Universiti Sains Malaysia, Penang. He has extensive experience in infrastructure projects including highway and bridge construction, earthworks, waterworks and telecommunications facilities mainly in the Klang Valley.

His career started in 1983 when he took up the position of Project Manager with Unisoon Development (M) Sdn Bhd. In 1989, he left and established Mawar Abadi (M) Sdn Bhd and was appointed as Managing Director since 1990. He joined our Group since 1999 via his appointment as a Director of IASB. He is a Director and substantial shareholder of several private limited companies as disclosed in Section 5.4.3 of this Prospectus.

(v) Loh Chye Teik

Loh Chye Teik, aged 51, is our Independent Non-Executive Director and was appointed to our Board on 12 March 2010. He graduated from University of Malaya, Kuala Lumpur with a Bachelor of Accounting (Honours) in 1984.

He is the Managing Partner of Parker Randall Loh, Chartered Accountants, the Director of Parker Randall International Sdn Bhd and the Managing Director of Interresources Tax Advisory Sdn Bhd. He is a member of both the Malaysian Institute of Accountants and the Chartered Tax Institute of Malaysia.

He started his career as an Auditor in a chartered accountants firm in Penang in 1985. In 1994, he set up his own auditing and accounting firm, Tan & Loh Chartered Accountants and held the position of the Managing Partner. In 2006, Tan & Loh Chartered Accountants affiliated with Parker Randall, an international chartered accounting firm and assumed its present name, Parker Randall Loh, Chartered Accountants. He also sits on the board of Yen Global Berhad (formerly known as Sequoia Holdings Berhad), JHM Consolidation Berhad and Olympia Industries Berhad as Independent Non-Executive Director.

5. INFORMATION ON PROMOTER, SUBSTANTIAL SHAREHOLDERS, DIRECTORS AND KEY MANAGEMENT (Cont'd)

(vi) Dr Asairinachan @ Aravinachan A/L Kunjamboo

Dr Asairinachan @ Aravinachan A/L Kunjamboo, aged 62, is our Independent Non-Executive Director and was appointed to our Board on 12 March 2010. In 1972, he obtained his Bachelor of Science Honours Degree from Universiti Sains Malaysia. He holds a Master of Science from Imperial College, London and also a Doctor of Business Administration from the University of South Australia. He also holds postgraduate qualifications in Management (Diploma from Malaysian Institute of Management) and Accounting and Finance (Certified Diploma from ACCA).

He is an Environmental Consultant by profession with 38 years of vast experience. He started his career in 1972 with Dewan Bandaraya Kuala Lumpur ("DBKL") as Manager and served for 22 years in DBKL. Thereafter, he joined Indah Water Konsortium Sdn Bhd from 1994 to 2000 where he was an Executive Director. He is currently the Managing Director of Waste Stream Management Sdn Bhd.

(vii) Lim Hock Siu

Lim Hock Siu, aged 54, is our Independent Non-Executive Director and was appointed to our Board on 12 March 2010. He started his career in 1978 with Syarikat Soon Theam as a Transaction Clerk after obtaining his Higher School Certificate. Thereafter, he joined Expandite Sdn Bhd ("Expandite"), a global company involves in the supply of specialty chemicals to the construction industry as a Sales Representative in 1980. In 1989, he was promoted to Senior Sales Representative.

In 1991, Expandite and Fosroc Sdn Bhd ("Fosroc"), a company which is also involved in the supply of specialty chemicals to the construction industry, merged and he was promoted to Technical Sales Executive of Fosroc. In 1997, he was promoted to Branch Manager of Fosroc Penang and in 2003, he was seconded to Fosroc Thailand as adviser to the Chief Executive Officer for a year. In the following year, he was assigned to the position of Fosroc's Regional Sales Manager. He was the Northern Region Branch Manager of Fosroc from 2005 until his resignation in 2009.

He was a Director and substantial shareholder of our Company from 2004 to 2006 as disclosed in Section 5.3 of this Prospectus. He is also a Director of several private limited companies as disclosed in Section 5.4.3 of this Prospectus.

5. INFORMATION ON PROMOTER, SUBSTANTIAL SHAREHOLDERS, DIRECTORS AND KEY MANAGEMENT (Cont'd)

5.4.3 Principal Directorships in Other Corporations for the Past Five (5) Years and Principal Business Activities Performed Outside Our Group

Save as disclosed below, our Directors do not have any directorship or any principal business activities performed outside our Group in other corporations for the past five (5) years preceding the LPD:-

- (i) **Dato' Low Eng Hock** holds directorship in other corporation as follows:-

Name of Company	Principal Activities	Involvement in Business Activities Other Than as Director
Present directorship:-		
ICSB	Property development	Shareholder
IVSB	Property development	Shareholder
Low Theon Wah Sendirian Berhad	Investment holding	Shareholder
Past directorship:-		
Kean Seng Enterprise (Kedah) Sendirian Berhad	Investment in real property	Shareholder
Low Theon Realty Sendirian Berhad	Property and investment holding	Shareholder
Low Theon & Sons Sendirian Berhad	Civil engineering contractor	Shareholder
Park Vue Realty Sdn Bhd	Investment in properties	Shareholder

Dato' Low Eng Hock allocates a substantial portion of his time on the affairs of our Group. For the companies as indicated above, he attends board and relevant committee meetings which he serves and is responsible for. The companies are managed by well-qualified and experienced managers for their day-to-day operations. As such, Dato' Low Eng Hock's involvements in other businesses or corporations do not have any impact on his ability to act as the Chairman/ Group Chief Executive Officer of our Company.

5. INFORMATION ON PROMOTER, SUBSTANTIAL SHAREHOLDERS, DIRECTORS AND KEY MANAGEMENT (Cont'd)

(ii) **Dato' Seri Nazir Ariff Bin Mushir Ariff** holds directorships in other corporations as follows:-

Name of Company	Principal Activities	Involvement in Business Activities Other Than as Director
Present directorship:-		
Escoy Holdings Berhad	Investment holding	Shareholder
Texchem Resources Berhad	Manufacture and sale of expanded polystyrene products, heavy-duty triple wall corrugated carton products, thermoformed packaging products, shipping rails, trading in chemicals, dyestuffs and resins and investment holding	-
Sogo (KL) Sdn Bhd	Retail	-
Past directorship:-		
IOI Oleochemical Industries Berhad	Cultivation of oil palm, milling of fresh fruit bunches, processing and marketing of oil palm products, manufacture of fatty acids, glycerine, soap, noodles and metallic stearates, and investment holding	-
Mudah Sdn Bhd	Investment holding	Shareholder
IVSB	Property development	Shareholder
Datuk Keramat Holdings Berhad	Investment holding, provision of management services, property investment, project management and development, credit and financing activities, distribution and publication of magazines	-

Dato' Seri Nazir Ariff Bin Mushir Ariff's involvements in the above businesses do not require much of his time as these companies are managed by well-qualified and experienced managers. As such, he spends a substantial portion of his working hours on the affairs of our Group. His involvements in other businesses and corporations do not have any impact on his ability to act as the Deputy Chairman and Executive Director of our Company.

5. INFORMATION ON PROMOTER, SUBSTANTIAL SHAREHOLDERS, DIRECTORS AND KEY MANAGEMENT (Cont'd)

(iii) **Loh Chin Chuen** holds directorships in other corporations as follows:-

Name of Company	Principal Activities	Involvement in Business Activities Other Than as Director
<i>Present directorship:-</i>		
ICSB	Property development	-
Park Vue Realty Sdn Bhd	Investment in properties	-

Loh Chin Chuen's involvement in the above businesses do not require much of his time as these companies are managed by well-qualified and experienced managers. As such, he spends a substantial portion of his working hours on the affairs of our Group. His involvement in other businesses and corporations do not have any impact on his ability to act as the Executive Director of our Company.

(iv) **Ooi Choi Kiat** holds directorships in other corporations as follows:-

Name of Company	Principal Activities	Involvement in Business Activities Other Than as Director
<i>Present directorship:-</i>		
H&P Construction Sdn Bhd	Investment holding	Shareholder
Mawar Abadi (M) Sdn Bhd	Building contractor	Shareholder
Park Vue Realty Sdn Bhd	Investment in properties	Shareholder

Ooi Choi Kiat's involvements in other businesses and corporations do not have any impact on his ability to act as the Non-Independent Non-Executive Director of our Company.

(v) **Loh Chye Teik** holds directorships in other corporations as follows:-

Name of Company	Principal Activities	Involvement in Business Activities Other Than as Director
<i>Present directorship:-</i>		
Yen Global Berhad (formerly known as Sequoia Holdings Berhad)	Manufacturing and marketing of jeanswear, its related products and other fashion apparels	Shareholder
JHM Consolidation Berhad	Designing and manufacturing of precision microelectronics components and original design manufacturing of high brightness LED components	-

5. INFORMATION ON PROMOTER, SUBSTANTIAL SHAREHOLDERS, DIRECTORS AND KEY MANAGEMENT (Cont'd)

Name of Company	Principal Activities	Involvement in Business Activities Other Than as Director
Olympia Industries Berhad	Property investment/development, stockbroking, gaming, travel and tours, and restaurant operations	-
Parker Randall Loh, Chartered Accountants	Audit firm	Managing Partner
Parker Randall International Sdn Bhd	Management consultancy	-
Interesources Tax Advisory Sdn Bhd	Tax consultancy	Shareholder
Past directorship:-		
Hock Lok Siew Corporation Bhd (formerly known as Foremost Holdings Berhad)	Manufacture and marketing of speakers, home audio and home theatre speakers systems	-

Loh Chye Teik's involvements in other businesses and corporations do not have any impact on his ability to act as the Independent Non-Executive Director of our Company.

(vi) **Dr Asairinachan @ Aravinachan A/L Kunjamboo** holds directorships in other corporations as follows:-

Name of Company	Principal Activities	Involvement in Business Activities Other Than as Director
Present directorship:-		
Waste Stream Management Sdn Bhd	Consultancy and training in waste water management	Shareholder

Dr Asairinachan @ Aravinachan A/L Kunjamboo's involvements in other business and corporation does not have any impact on his ability to act as the Independent Non-Executive Director of our Company.

5. INFORMATION ON PROMOTER, SUBSTANTIAL SHAREHOLDERS, DIRECTORS AND KEY MANAGEMENT (Cont'd)

(vii) Lim Hock Siu holds directorships in other corporations as follows:-

Name of Company	Principal Activities	Involvement in Business Activities Other Than as Director
<i>Present directorship:-</i>		
Kenfox Technologies Sdn Bhd	Supply of specialty chemicals for the construction industry	Shareholder
Kiara Timur Sdn Bhd	Investment holding	-

Lim Hock Siu's involvements in other businesses and corporations do not have any impact on his ability to act as the Independent Non-Executive Director of our Company.

5.4.4 Directors' Remuneration and Benefits

The aggregate remuneration and benefits paid/ accrued to our Directors for services rendered in all their capacities within our Group for the FYE 2009 and proposed for the current FYE 2010 are set out below in bands of RM50,000:-

Directors	Remuneration Band	
	FYE 2009 (RM)	FYE 2010 (RM)
Dato' Low Eng Hock	550,001 – 600,000	600,001 – 800,000
Dato' Seri Nazir Ariff Bin Mushir Ariff	200,001 – 250,000	250,001 – 400,000
Loh Chin Chuen	50,001 – 100,000	150,001 – 250,000
Ooi Choi Kiat	Up to 50,000	50,001 – 100,000
Loh Chye Teik	-	Up to 50,000
Dr Asairinachan @ Aravinachan A/L Kunjamboo	-	Up to 50,000
Lim Hock Siu	-	Up to 50,000

There is no contingent or deferred compensation accrued for the year and no contingent or deferred compensation payable at a later date. Save for the remuneration and benefits paid to our Directors for services rendered in all their capacities within our Group amounting to a total of approximately RM2.23 million for the FYE 2008 and FYE 2009, there are no other amounts/ benefits paid or intended to be paid or given to any of our Promoter, Directors or substantial shareholders, within the two (2) years preceding the date of this Prospectus.

5. INFORMATION ON PROMOTER, SUBSTANTIAL SHAREHOLDERS, DIRECTORS AND KEY MANAGEMENT (Cont'd)

5.5 CORPORATE GOVERNANCE

5.5.1 Board Practices

As at the date of this Prospectus, the current term of office for each of our Director is as follows:-

Name of Director	No. of Years in Office	Expiration of Current Term of Office
Dato' Low Eng Hock	< 1 year*	Shall retire at our 2011 annual general meeting
Dato' Seri Nazir Ariff Bin Mushir Ariff	< 1 year*	Shall retire at our 2012 annual general meeting
Loh Chin Chuen	< 1 year*	Shall retire at our 2013 annual general meeting
Ooi Choi Kiat	< 1 year*	Shall retire at our 2011 annual general meeting
Loh Chye Teik	< 1 year*	Shall retire at our 2012 annual general meeting
Dr Asairinachan @ Aravinachan A/L Kunjamboo	< 1 year*	Shall retire at our 2013 annual general meeting
Lim Hock Siu	< 1 year*	Shall retire at our 2013 annual general meeting

Note:-

* Appointed on 12 March 2010.

In accordance with our Articles, at the first annual general meeting after adopting the Articles, all the Directors shall retire from office and at each annual general meeting in every subsequent year, one-third (1/3) of our Directors for the time being, or, if their number is not a multiple of three (3), the number nearest to one-third (1/3), shall retire from office by rotation. Our Director retiring at a meeting shall retain office until the close of the meeting and all our Directors shall retire from office once at least in each three (3) years, and shall be eligible for re-election. The Directors to retire in each year shall be those who have been longest in office since their last election.

5.5.2 Audit Committee

Our Audit Committee comprises the following individuals:-

Name	Designation	Directorship
Loh Chye Teik	Chairman	Independent Non-Executive Director
Ooi Choi Kiat	Member	Non-Independent Non-Executive Director
Lim Hock Siu	Member	Independent Non-Executive Director

Our Audit Committee is principally responsible for the review of audit plan and audit report of the auditors, review of the internal control procedures, review of the auditors' evaluation of internal accounting controls and management information systems, review of the financial statements and nomination of the auditors.

5. INFORMATION ON PROMOTER, SUBSTANTIAL SHAREHOLDERS, DIRECTORS AND KEY MANAGEMENT (Cont'd)

5.5.3 Remuneration Committee

Our Remuneration Committee comprises the following members:-

Name	Designation	Directorship
Lim Hock Siu	Chairman	Independent Non-Executive Director
Loh Chye Teik	Member	Independent Non-Executive Director
Dato' Low Eng Hock	Member	Chairman/ Group Chief Executive Officer

Our Remuneration Committee is principally responsible for reviewing and recommending to our Board the remuneration package and the terms of employment of our Executive Directors and also recommending the remuneration levels of our non-Executive Directors with reference to market practices. Our Executive Director does not participate in any way in determining his individual remuneration.

The policy adopted by our Remuneration Committee is to provide the remuneration package necessary to attract, retain and motivate our Executive Directors of the quality required to manage the business of our Group and to align the interest of our Executive Directors with those of our shareholders.

5.5.4 Nominating Committee

Our Nominating Committee comprises the following members:-

Name	Designation	Directorship
Lim Hock Siu	Chairman	Independent Non-Executive Director
Loh Chye Teik	Member	Independent Non-Executive Director
Ooi Choi Kiat	Member	Non-Independent Non-Executive Director

Our Nominating Committee is principally responsible for recommending to our Board appointment of new Directors of our Company and Board committees, recommending the re-election of retiring directors, having regards to the Director's contribution and performance as well as assisting the Board in reviewing on an annual basis the appropriate balance and size of non-executive participation. Our Board as a whole makes all decision on appointments after considering the recommendations of the Nominating Committee.

5. INFORMATION ON PROMOTER, SUBSTANTIAL SHAREHOLDERS, DIRECTORS AND KEY MANAGEMENT (Cont'd)

5.6 KEY MANAGEMENT

5.6.1 Particulars and Shareholdings of Key Management

The details of the key management of our Group and their shareholdings in our Company before and after the IPO are as follows:-

Name	Designation	Before the IPO ^(a)				After the IPO ^{(b)(c)}			
		Direct		Indirect		Direct		Indirect	
		No. of Shares	%	No. of Shares	%	No. of Shares	%	No. of Shares	%
Dato' Ooi Chin Loo	Chief Operating Officer	-	-	-	-	10,000	0.01	-	-
Lim Kin Lian	Chief Financial Officer	-	-	-	-	10,000	0.01	-	-
Goh Chin Heng	Operations Director	-	-	-	-	10,000	0.01	-	-
Zaida Binti Ayob	Director of Architecture	-	-	-	-	10,000	0.01	-	-
Chow Kah Hoong	Director of Engineering	20,458	0.01	-	-	29,273	0.02	-	-
Tan Kok Hwa	Project Director (Construction)	-	-	-	-	10,000	0.01	-	-
Murly A/L Manokharan	Project Director (Design and Marketing)	-	-	-	-	10,000	0.01	-	-
Yeong Siew Yan	Project Director (Development and Design)	-	-	-	-	10,000	0.01	-	-
Kang Pee Thye	Assistant Project Director (Construction)	-	-	-	-	10,000	0.01	-	-
Lee Saw Looi	Senior Accounts Manager	-	-	-	-	10,000	0.01	-	-
Lee Phaik Har	Senior Procurement Manager	-	-	-	-	10,000	0.01	-	-
Ching Ai Hooi	Senior Management Accountant	-	-	-	-	10,000	0.01	-	-
Tan Mei Ling	Senior Contract Manager	-	-	-	-	10,000	0.01	-	-
Lye Khuan Thye	Senior Sales and Marketing Manager	-	-	-	-	10,000	0.01	-	-

Notes:-

- (a) Based on our issued and paid-up share capital of 141,101,000 Shares after the Subdivision, Acquisitions and Rights Issue.
- (b) Based on their respective entitlements for the Pink Form Shares allocation pursuant to the IPO.
- (c) Based on our enlarged issued and paid-up share capital of 186,000,000 Shares after the IPO.

5.6.2 Profiles of Key Management

(i) Dato' Ooi Chin Loo

Dato' Ooi Chin Loo, aged 58, is the Chief Operating Officer of our Group. He graduated from Universiti Sains Malaysia in 1976 with a Bachelor of Social Science (Honours) Degree. After graduation in 1977, he joined the Municipal Council of Penang Island ("Council") as an Administrative Officer whereby he was attached to various Sections of the Secretariat Department such as Development, General Administration, Landscaping, Recreation and Industry, Public Relations as well as the Urban Services Department.

In 2001, he was promoted to the position of Principal Assistant Secretary of the Council and subsequently to Municipal Secretary in 2002. As the Municipal Secretary, he was entrusted with heavy responsibilities to manage and oversee all the Council Departments from the aspects of administration, finance, legal, physical planning, urban and public health services, community services and human resources to ensure the functions of the Council as a local authority were carried out effectively.

5. INFORMATION ON PROMOTER, SUBSTANTIAL SHAREHOLDERS, DIRECTORS AND KEY MANAGEMENT (Cont'd)

Dato' Ooi was also instrumental in the establishment of Penang-Xiamen as sister-city and in promoting exchange programmes in the fields of culture, economy, education, sports, trade and commerce between the two cities, since the signing of the Joint Declaration in 1993. He has also been the Assistant Secretary General of Penang-Xiamen Friendship Association (PENXIA) since its formation in 2002. During his tenure of office, Dato' Ooi had participated actively in promoting sports tourism and recreational activities in co-operation with Non-Governmental Organisations and recreational clubs, and worked closely with government/ social bodies in promoting recycling activities.

After serving the Council for 31 years, he retired from public service and joined our Group as Senior Project and Planning Manager in August 2008. He has brought with him more than 30 years of invaluable experience and helpful contacts to lead the Planning Department as well as to oversee the operations of the Technical, Engineering, Property Management and Construction Departments of our Group. Dato' Ooi was promoted to his current position in 2010. As the Chief Operating Officer, he is also responsible for the overall smooth and successful implementation of projects and proper management of our Group's properties.

(ii) Lim Kin Lian

Lim Kin Lian, aged 56, is the Chief Financial Officer of our Group. He received a Diploma in Banking from The Chartered Institute of Bankers, London in 1980 and was awarded a Diploma in Estate Agency by the Board of Valuers, Appraisers and Estate Agents Malaysia in 2005.

His career started in 1980 when he joined Perdana Finance Berhad in Alor Setar as an Executive Officer. In 1986, he was promoted to a Branch Manager of Perdana Finance Berhad in Kulim, Kedah and he joined our Group in 2004 as a Finance Manager. He was promoted as Finance Director in 2009 and subsequently promoted as Chief Financial Officer in 2010. His main responsibilities are coordinating with financial institutions and relevant authorities on issues related to our Group's financial operations. He is also a member of Institut Bank-Bank Malaysia and a member of the Malaysian Institute of Management.

(iii) Goh Chin Heng

Goh Chin Heng, aged 33, is the Operations Director of our Group. He graduated with Bachelor of Engineering (Civil) from Universiti Putra Malaysia in 2001 and obtained his Master of Civil Engineering (Specialisation in Concrete Structures) from Imperial College of Science, Technology and Medicine, University of London a year later.

Upon graduation, he commenced his career as Civil and Structural ("C&S") Engineer with Arup Jurunding Sdn Bhd in 2002. He was the Structural Design Engineer for Bayswater Resort Condominium project at Gelugor, Penang and The Palazzo Condominium project at Kelawai Road, Penang. In addition to structural analysis, substructure and superstructure (Reinforced Concrete) design, he was also involved in prestressed-concrete analysis and steelwork design.

5. INFORMATION ON PROMOTER, SUBSTANTIAL SHAREHOLDERS, DIRECTORS AND KEY MANAGEMENT (Cont'd)

In 2005, he joined our Group as C&S Engineer. He was the Project Engineer for our Group's Penang Times Square project. As a Project Engineer, his job scope included layout plan scheming, structural system analysis, providing substructure and superstructure design support, preparation and review of shop drawing and providing structural solutions utilising a variety of design, software and integrated material-structural engineering techniques.

In 2007, he was promoted as a Senior Project Co-ordinator of the Planning Department responsible for monitoring and co-ordinating overall planning and submission of plans to relevant authorities and to ensure clearance and approval are obtained from the relevant authorities within targeted time frame. He was promoted to his current position in 2010 and is responsible for overseeing the operations of the Technical, Engineering, Property Management and Construction Departments of our Group. He is also the liaison party between government officials and our Group to ensure a well implementation of development projects, ensuring strict adherence to Municipality Regulations and Guidelines up to completion of the projects, i.e. procurement of CF.

He is a Graduate member of the Board of Engineers Malaysia and the Institution of Engineers Malaysia since 2004 and 2006 respectively. He is also a member of International Council of Shopping Centers since December 2009 with the validity of membership until May 2011.

(iv) Zaida Binti Ayob

Zaida Binti Ayob, aged 43, is the Director of Architecture of our Group. She graduated with a Bachelor of Architecture and Environmental Design from Texas A&M University, USA in 1989. Her career started in 1990 when she joined Ong Keng Poh Architect as a Project Architect.

In 2000, she joined our Group as Technical Manager and in 2005, she was promoted as Assistant Director of Architecture. In 2010, she was promoted to her current position. In her current position as the Director of Architecture, she is responsible for implementation and execution of various documents such as construction drawing, detail drawing, architect certification and architect instruction. She also leads the coordination works of the Architecture Department, liaising with consultants for inputs and coordinating with construction team until the completion of a project. In addition, she is in charge of preparation of submission plans such as planning layout and building plan, and liaising with the relevant authorities. She is also the ISO Management Representative who is responsible for implementing and maintaining the quality management system in our Group. She is a Director and substantial shareholder of IVSB, an associated company of our Company.

5. INFORMATION ON PROMOTER, SUBSTANTIAL SHAREHOLDERS, DIRECTORS AND KEY MANAGEMENT (Cont'd)**(v) Chow Kah Hoong**

Chow Kah Hoong, aged 47, is the Director of Engineering of our Group. He graduated from the University of New South Wales, Australia in 1988 with a Bachelor of Civil Engineering Degree. He was admitted as a Member of the Institution of Engineers, Malaysia in 1994 and as a Professional Engineer of the Board of Engineers, Malaysia in 1995.

His career started in 1988 as a Site Engineer in Asas Dunia Sdn Bhd, a property developer. He left in 1989 and joined Juantara Konsultant Sdn Bhd as a Design Engineer and later with MOH & Associates (M) Sdn Bhd also as a Design Engineer in 1991. He left to join Arup Jurunding Sdn Bhd as Design Engineer in 1994 and in 1995 was Design Engineer at Perunding Timur (Penang) Sdn Bhd. In 1997, he was the Design Engineer at Penas Realty Sdn Bhd but left in 2002 and was appointed Director of Perunding OCL Sdn Bhd, a consultancy company. He joined Tang & Associates, a consultancy company, in 2003 as a Project Engineer before joining our Group, as Project Director later that same year.

He was later promoted as Director of Engineering in 2005. As the Director of Engineering, he is responsible for ensuring all structural drawings are in compliance to standard code of practice and/or authorities' requirements. Besides, he is also responsible for overseeing the implementation and monitoring the progress of preparation and submission of drawings, and authorising appropriate actions to be taken if errors are detected in structural drawings or construction is not in accordance with the design specifications. He is also a sole proprietor of Perunding CKH.

(vi) Tan Kok Hwa

Tan Kok Hwa, aged 50, is the Project Director (Construction) of our Group. He graduated in 1978 with a Sijil Pelajaran Vokasional Malaysia. He was attached to many established construction firms prior to joining our Group in 2000. He has accumulated more than 20 years of experience in the building and construction industry and was involved in various development projects over the said period of time. Amongst his many involvements in development projects are the Bagan Specialist Center, Northam All Suites Hotel & Office, Gurney Plaza, Gurney Tower, Sunway Hotel and an international project in China.

He has been involved in the Tanjung Park, Plaza Ivory and Palace Hill, and The View Twin Towers projects. He was promoted to his current position from Senior Project Manager in 2010. As the Project Director (Construction), he is responsible for all aspects of our Group's projects from planning stages to final completion.

5. INFORMATION ON PROMOTER, SUBSTANTIAL SHAREHOLDERS, DIRECTORS AND KEY MANAGEMENT (Cont'd)

(vii) Murly A/L Manokharan

Murly A/L Manokharan, aged 24, is the Project Director (Design & Marketing) of our Group. He started his career as a Design Coordinator with BYG Architecture Sdn Bhd (“BYG”) in year 2003. As a Design Coordinator, he assisted architects and project managers in coordinating, designing and construction of many major industrial projects locally and internationally for corporations such as Intel Electronics (M) Sdn Bhd, Jabil Circuit Sdn Bhd, LKT Precision Sdn Bhd and Motorola Malaysia Sdn Bhd. He was also involved in one of the biggest industrial project for Jabil Circuit (Guangzhou) Ltd in Guangzhou, China where he was responsible for coordinating the construction progress of production factories, apartments and dormitories covering an area of almost 100 acres.

He left BYG in year 2005 to join the Architecture Department of our Group as Technical Assistant, where he was involved in the designing and construction implementation of The View Twin Towers project. A year later, he was promoted to the position of Project Coordinator in charge of design coordination for two (2) of our Group’s projects, i.e. Penang Times Square and Moonlight Bay. Upon joining our Group, he pursued his studies at University Teknologi Malaysia and received his Executive Diploma in Business Project Management in year 2008. Due to his interest and excellent sales achievements, he assisted in planning and coordinating marketing strategies for all our Group’s projects. He held the position of Project Coordinator until June 2009 before his promotion as Assistant Project Director (Design and Marketing) in July 2009 and thereafter as Project Director (Design and Marketing) in 2010. In his current position as Project Director (Design and Marketing), he is responsible for designing and analysing development concept, overseeing design implementation and planning sales and marketing strategies.

(viii) Yeong Siew Yan

Yeong Siew Yan, aged 33, is the Project Director (Development and Design) of our Group. He graduated with Bachelor of Science (Honours) in Urban and Regional Planning from Universiti Sains Malaysia in 2001 and thereafter proceeded to complete his Master of Science in Planning 2 years later. He started his career in 2003 as a Research Officer with Universiti Sains Malaysia, co-ordinating research team for projects.

He joined our Group in 2004 as Assistant Project Planner and was subsequently promoted as Project Planner in 2005. As a Project Planner, his duties included monitoring progress of plans submitted to the authorities such as Planning Permissions and Building Plans, following-up on approvals for Commencement of Work and procurement of CF from the Municipal Council for all ongoing projects of our Group. He was also responsible for liaising with consultants and relevant authorities in the process of procuring approvals for our Group’s projects.

5. INFORMATION ON PROMOTER, SUBSTANTIAL SHAREHOLDERS, DIRECTORS AND KEY MANAGEMENT (Cont'd)

In 2007, he was promoted as an Assistant Manager of the Development Planning Department and in 2010, he was promoted as Project Director (Development and Design). His present job scope as the Project Director (Development and Design) covers development planning, layout design, conducting feasibility studies before a project is undertaken by our Group and developing strategies for upcoming and future projects. In addition, he also assists to supervise a team of graphic and multimedia designers and to oversee design quality of advertisements, promotional and publicity materials of our Group.

(ix) Kang Pee Thye

Kang Pee Thye, aged 54, is the Assistant Project Director (Construction) of our Group. He graduated from the Institute of Technology Jaya in 1977 with a Diploma in Civil Engineering. In the same year, he obtained the Certificate of Formwork and Concrete Practice from the City and Guild of London Institute, and also passed the Part 1 of the Society of Engineers Graduation Examination.

As the Assistant Project Director (Construction) with our Group, he has been involved in the Plaza Ivory and Palace Hill, and Penang Times Square projects and is currently managing the construction of the Moonlight Bay and Island Resort projects. He is the Management Representative of our Group's ISO committee. He brings along with him approximately 33 years of extensive experience in construction and was involved in various development projects over the said period of time.

Prior to joining our Group, he was attached to an international company in Singapore, and was involved in the construction and completion of several overseas and local heavy industries projects which included the Beecham Pharmaceutical Plant in Singapore, 230-Kilowatt Substation in Iran, Balikpapan Oil Refinery in Indonesia, Telecom Tower in Thailand and Asian Bintulu Fertiliser Plant in Sarawak, Malaysia. He was also involved in the construction and completion of various projects in Penang, including the Star Publication, Hotel Equatorial, Northam All Suites Hotel and Office, Gurney Hotel, Inventec and Excel Logistic factory. He was promoted from Senior Project Manager to his current position in 2010.

(x) Lee Saw Looi

Lee Saw Looi, aged 39, is the Senior Accounts Manager of our Group. She received a LCCI Higher Diploma from Systematic College in 1995. Her career started in 1992 when she joined Ban Hin Lee Bank Berhad as Accounts Clerk. She left in 1996 and joined City Atlas Sdn Bhd, a development and construction company as an Accounts Executive.

She left in 2000 to join our Group as Accounts Executive. In 2002, she was promoted as an Assistant Accounts Manager and subsequently promoted as Accounts Manager in 2007. In 2010, she was promoted as Senior Accounts Manager and is mainly responsible for managing our Group's financial matters.

5. INFORMATION ON PROMOTER, SUBSTANTIAL SHAREHOLDERS, DIRECTORS AND KEY MANAGEMENT (Cont'd)

(xi) Lee Phaik Har

Lee Phaik Har, aged 47, is the Senior Procurement Manager of our Group. Her career started upon her graduation from Sijil Pelajaran Malaysia in 1981 when she joined Arab Malaysian Finance Berhad as a Senior Clerk. She left in 1995 to join Fabulous Management (M) Sdn Bhd as Procurement Executive. She was mainly involved in procurement including the purchase of building materials, construction machines and equipment, furniture and fixtures, operational equipment and supplies.

She joined our Group as Procurement Coordinator in 2000 and was promoted as a Senior Procurement Coordinator in 2003 and subsequently promoted as Procurement Manager in 2007. She was promoted to her current position in 2010 and is mainly involved in the overall management and coordination of the Procurement Department.

(xii) Ching Ai Hooi

Ching Ai Hooi, aged 31, is the Senior Management Accountant of our Group. She graduated from the Institut Perkim Goon as an affiliate member of the Association of Chartered Certified Accountants, United Kingdom ("ACCA") in 2000. Her career started in 2000 when she joined Ernst & Young's Assurance and Advisory Business Services unit and gained experience in auditing both local and multinational companies' operations.

She joined our Group in 2004 as a Finance Officer and was subsequently promoted as Senior Finance Officer in the same year. She was promoted as Management Accountant in 2007 and was subsequently promoted to her current position in 2010. Her responsibilities include monitoring and reviewing accounts, tax planning and liaising with auditors and relevant external parties on accounting matters. She is currently a member of Malaysian Institute of Accountants and the ACCA.

(xiii) Tan Mei Ling

Tan Mei Ling, aged 40, is the Senior Contract Manager of our Group. She graduated in 1996 with a Bachelor of Science Degree in Housing, Building and Planning from Universiti Sains Malaysia. She was admitted as a Member of the Institute of Surveyors, Malaysia in 1996.

Her career started in 1996 when she joined Kuantibina Sdn Bhd as Quantity Surveyor. In 2000, she left and joined our Group as a Quantity Surveyor. She was promoted as the Contract Manager in 2005 and was subsequently promoted as the Senior Contract Manager in 2010. Her main responsibilities are in tender documentation, tender negotiation and tender award, cost control and budgeting, and other contract administrations.

5. INFORMATION ON PROMOTER, SUBSTANTIAL SHAREHOLDERS, DIRECTORS AND KEY MANAGEMENT (Cont'd)

(xiv) Lye Khuan Thye

Lye Khuan Thye, aged 48, is the Senior Sales and Marketing Manager of our Group. She graduated with a LCCI Higher Diploma majoring in Accounting in 1982 before she started her career with Consolidated Factoring (M) Sdn Bhd as an Administrative Assistant in 1983. She was subsequently posted to various departments within the company and her last position was Electronic Data Processing Executive in 1991.

In 1992, she left and joined KS Button Industries Sdn Bhd as Accounts Executive. Subsequently, in 1993, she left and joined Medal Rank Sdn Bhd as Accounts Officer. In 1995, she left and joined Techware Sdn Bhd as Accounts Officer and was subsequently promoted to Finance and Administrative Manager and remained in that position until her resignation in 2000. From 2000 to 2007, she took a break from her career to concentrate on her family.

In 2007, she joined our Group as an Assistant General Manager and was responsible for overseeing the Marketing, Accounts and Credit Control Departments. In 2010, she was designated to Senior Sales and Marketing Manager and is currently overseeing the Marketing Department of our Group.

5.7 INVOLVEMENT IN OTHER BUSINESSES

Save as disclosed in Section 5.4.3 and this section of the Prospectus, our Executive Directors and key management are presently serving as full time personnel of our Group. Further details on the involvement of our Executive Directors in the operations of other businesses or corporations are disclosed in Section 5.4.3 of this Prospectus.

As at LPD, save as disclosed below, none of our key management is involved in other businesses or corporations:-

(i) Zaida Binti Ayob holds directorships in other corporations as follows:-

Name of Company	Principal Activities	Involvement in Business Activities Other Than as Director
<i>Present directorship:-</i> IVSB	Property development	Shareholder

Zaida Binti Ayob's involvement in the above company does not have any impact on her duties as the Director of Architecture of our Group as majority of her time will be spent on our Group's operations and affairs, and all of the projects undertaken by IVSB are jointly developed with our Group.

5. INFORMATION ON PROMOTER, SUBSTANTIAL SHAREHOLDERS, DIRECTORS AND KEY MANAGEMENT (Cont'd)

(ii) **Chow Kah Hoong** holds directorship in other corporation as follows:-

Name of Company	Principal Activities	Involvement in Business Activities Other Than as Director
<i>Present directorship:-</i> Perunding CKH	Civil and structural consultant	Sole Proprietor

Chow Kah Hoong's involvement in the above company does not have any impact on his duties as the Director of Engineering of our Group as majority of his time will be spent on our Group's operations and affairs.

Save as disclosed in Section 5.4.3 and this section of the Prospectus, none of our Executive Directors and key management are involved in the operations of other businesses or corporations.

5.8 DECLARATION

Save as disclosed below, none of our Promoter, Directors or key management is or has been involved in any of the following events (whether in or outside Malaysia):-

- (i) a petition under any bankruptcy or insolvency laws was filed (and not struck out) against such person or any partnership in which he/ she was a partner or any corporation of which he/ she was a director or key personnel;
- (ii) disqualified from acting as a director of any corporation, or from taking part directly or indirectly in the management of any corporation;
- (iii) charged and/or convicted in a criminal proceeding or is a named subject of a pending criminal proceeding;
- (iv) judgement was entered against such person involving a breach of any law or regulatory requirement that relates to the securities or futures industry; or
- (v) was the subject of any order, judgement or ruling of any court, government, or regulatory authority or body temporarily enjoining him/ her from engaging in any type of business practice or activity.

5.9 FAMILY RELATIONSHIPS

Save as disclosed below, there are no family relationships (as defined in Section 122A of the Act) or associations between our Company's Promoter, substantial shareholders and Directors, or our Group's key management.

Name	Relationship/ Association
Dato' Low Eng Hock/ Ooi Choi Kiat	Dato' Low Eng Hock, our Promoter, substantial shareholder and Chairman/ Group Chief Executive Officer is the brother-in-law of Ooi Choi Kiat, our Non-Independent Non-Executive Director

5. INFORMATION ON PROMOTER, SUBSTANTIAL SHAREHOLDERS, DIRECTORS AND KEY MANAGEMENT (Cont'd)

5.10 EXISTING OR PROPOSED SERVICE AGREEMENTS

Save as disclosed below, there are no existing or proposed service agreements (contracts for service) entered into by our Group or any company within our Group, with our Company's Directors or our Group's key management.

Our Group had on 5 August 2008 entered into a service agreement with our key management, Dato' Ooi Chin Loo as follows:-

Service Agreement dated 5 August 2008 between IASB and Dato' Ooi Chin Loo ("Service Agreement")

Pursuant to the Service Agreement, Dato' Ooi Chin Loo is appointed in the capacity of Senior Manager (Project and Planning). However, pursuant to the letter dated 1 April 2010, the company promotes Dato' Ooi Chin Loo as Chief Operating Officer with effect from 1 May 2010.

The employment with the company is on contract basis and therefore shall automatically terminate without either party giving any notice upon completion of the contract period. However, prior to the completion of the contract period, a notice of sixty (60) days is required from either party for the early termination of services.

The effective date of the employment is 15 August 2008 until 14 August 2010.

5.11 CONTINUITY IN MANAGEMENT

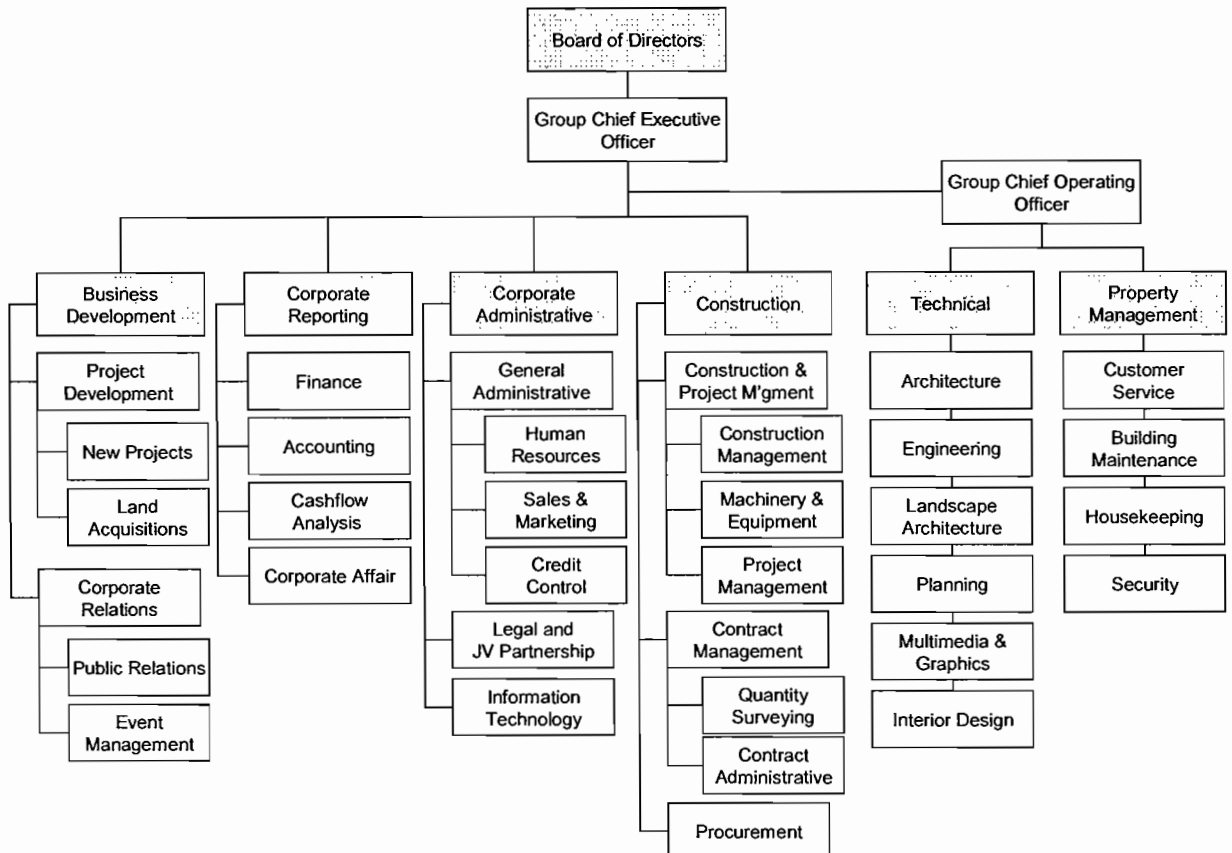
As in any other business, our Board believes that the continued success of our Group will depend on the ability and dedication of our Directors and key management. The loss of any key members of our Group could adversely affect our Group's continued ability to compete. However, our Group has made efforts to train our staff and has the support of long-term management staff. Our Group's future success will also depend on our ability to attract and retain skilled personnel.

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5. INFORMATION ON PROMOTER, SUBSTANTIAL SHAREHOLDERS, DIRECTORS AND KEY MANAGEMENT (Cont'd)

5.12 MANAGEMENT SUCCESSION PLAN

The management team of our Group is structured as follows:-



The Executive Directors and key management of our Group are in the age group of 24 to 64 and are well entrenched in the industry. Our key management comprises personnel who possess relevant experience and are employed to head various departments. Our management understands the importance of having the experienced personnel in our Group who will be responsible for their respective departments to ensure smooth running of the business operations as well as to ensure that the business decisions of our Group are implemented efficiently and effectively.

The clear and well defined job responsibilities as well as proper reporting structure also enables smooth running of our Group's day-to-day operations with minimum intervention from our Directors. Thus, in the absence of our Directors, the active participation of the respective heads of department/ manager of our Group will ensure the smooth running of our Group's operations and management.

6. APPROVALS AND CONDITIONS

6.1 Approvals and Conditions

The Listing of our Company on the Main Market of Bursa Securities was approved by the relevant authorities as follows:-

Authority	Date of Approval
MITI	7 September 2007, 13 January 2009 and 10 March 2010
SC	5 May 2008, 19 November 2008, 15 June 2009, 24 February 2010, 5 March 2010, 10 May 2010 and 8 July 2010
SAC	26 March 2010 and 30 April 2010
Bursa Securities	6 May 2010

6.1.1 MITI Approvals

- (a) The conditions imposed by MITI via its letter dated 7 September 2007 and the status of compliance with these conditions are as follows:-

Conditions Imposed by the MITI via MITI's Letter Dated 7 September 2007	Status of Compliance
(i) To obtain the SC's approval for the Listing Scheme and compliance with the Guidelines on Acquisition of Interests, Merger and Take-overs by Local and Foreign Interests; and	Please refer to MITI's approval letters dated 13 January 2009 and 10 March 2010
(ii) MITI's approval is required for the disposal/ transfer of Shares recognised by MITI ("Bumi Shares") save for Tier 1 Bumiputera institutional investors. However, disposal/ transfer of up to 30% of the total Bumi Shares is allowed without obtaining MITI's prior approval.	Please refer to MITI's approval letters dated 13 January 2009 and 10 March 2010

- (b) The condition imposed by MITI via its letter dated 13 January 2009 and the status of compliance with the condition is as follows:-

Conditions Imposed by the MITI via MITI's Letter Dated 13 January 2009	Status of Compliance
To obtain the SC's approval and compliance with the Guidelines on Acquisition of Interests, Merger and Take-overs by Local and Foreign Interests	Please refer to MITI's approval letter dated 10 March 2010

- (c) The condition imposed by MITI via its letter dated 10 March 2010 and the status of compliance with the condition is as follows:-

Conditions Imposed by the MITI via MITI's Letter Dated 10 March 2010	Status of Compliance
To obtain the SC's approval	Complied. The SC had approved the Listing and Listing Scheme via SC's letters dated 5 May 2008, 24 February 2010 and 5 March 2010, and had approved the applications for extension of time of six (6) months up to 5 May 2009, 5 November 2009 and 5 May 2010 respectively for our Company to complete the Listing via SC's letters dated 19 November 2008, 15 June 2009 and 24 February 2010, subject to certain conditions. Please refer below for the conditions imposed by the SC

6. APPROVALS AND CONDITIONS (Cont'd)

6.1.2 SC Approvals

- (a) The conditions imposed by the SC via its letter dated 5 May 2008 and the status of compliance with these conditions are as follows:-

Conditions Imposed by the SC via SC's Letter Dated 5 May 2008		Status of Compliance																																		
(i)	The proceeds from the offer for sale must be put into a trust account until the listing of Ivory on Bursa Securities;	To be complied. Proceeds from the Offer Shares will be held by the Underwriter on behalf of the Offerors until the listing of our Company																																		
(ii)	Moratorium on the sale of Ivory Shares is imposed on the following shareholders, whereby they are not allowed to sell, transfer or assign their shareholdings in Ivory for one year from the date of admission of Ivory to the Main Market of Bursa Securities:-	The shareholders and the number of Ivory Shares on moratorium were varied as set out in the SC's letter dated 5 March 2010. Please refer below for the moratorium on our Shares imposed by the SC																																		
<table border="1"> <thead> <tr> <th rowspan="2">Name of Shareholders</th> <th colspan="4">< ----- After the Proposed Floatation----- ></th> </tr> <tr> <th>No. of Ivory Shares Held</th> <th>% of Enlarged Share Capital (%)</th> <th>No. of Ivory Shares under Moratorium</th> <th>% of Enlarged Share Capital (%)</th> </tr> </thead> <tbody> <tr> <td>Dato' Low Eng Hock</td> <td>45,412,207</td> <td>36.34</td> <td>43,750,000</td> <td>35.00</td> </tr> <tr> <td>Ooi Choi Kiat</td> <td>9,509,752</td> <td>7.61</td> <td>6,250,000</td> <td>5.00</td> </tr> <tr> <td>Dato' Seri Nazir Ariff Bin Mushir Ariff</td> <td>6,843,397</td> <td>5.47</td> <td>5,000,000</td> <td>4.00</td> </tr> <tr> <td>Dato' Tan Yew Thong</td> <td>5,729,955</td> <td>4.58</td> <td>1,250,000</td> <td>1.00</td> </tr> <tr> <td></td> <td>67,495,311</td> <td>54.00</td> <td>56,250,000</td> <td>45.00</td> </tr> </tbody> </table>		Name of Shareholders	< ----- After the Proposed Floatation----- >				No. of Ivory Shares Held	% of Enlarged Share Capital (%)	No. of Ivory Shares under Moratorium	% of Enlarged Share Capital (%)	Dato' Low Eng Hock	45,412,207	36.34	43,750,000	35.00	Ooi Choi Kiat	9,509,752	7.61	6,250,000	5.00	Dato' Seri Nazir Ariff Bin Mushir Ariff	6,843,397	5.47	5,000,000	4.00	Dato' Tan Yew Thong	5,729,955	4.58	1,250,000	1.00		67,495,311	54.00	56,250,000	45.00	
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(iii)	Ivory must comply with the National Development Policy ("NDP") requirement whereby Bumiputera investors to be allocated/ holding at least 30% of the enlarged share capital of Ivory upon listing are to be approved by MITI;	This condition was varied as set out in the SC's letter dated 24 February 2010. Please refer below for the condition varied by the SC																																		
(iv)	AmlInvestment Bank/ Ivory must inform the SC of the status of compliance with the NDP requirement upon completion of the listing exercise;	To be complied																																		
(v)	With regard to the following properties:-	Please refer to the same condition as imposed by the SC via its letter dated 24 February 2010 below																																		
	(a) No. 3B-5-5, Tanjung Park Condominium, Persiaran Lengkuas Satu, Tanjung Tokong, Pulau Pinang;																																			
	(b) Parcel No. 2-2-12A, Plaza Ivory, Halaman Bukit Gambir, Gelugor, Pulau Pinang; and																																			
	(c) No. 108-B-01, Seri Taman Tanjung, Persiaran Lengkuas, Tanjung Tokong, Pulau Pinang,																																			
	Ivory is to:-																																			
	(a) Rectify all structures (including structures on the relevant accessory parcels) which have yet to be approved by the relevant authorities within 12 months from the date of SC's approval;																																			
	(b) Make quarterly announcement on the status of the application for approvals/ rectification works to Bursa Malaysia after listing; and																																			
	(c) Update the SC on the status of the application for approvals/ rectification works on quarterly basis until such approvals are obtained/ rectification works are completed;																																			

6. APPROVALS AND CONDITIONS (Cont'd)

Conditions Imposed by the SC via SC's Letter Dated 5 May 2008		Status of Compliance															
(vi)	Dato' Low Eng Hock to relinquish all his directorships in companies involved in similar business activities with the Ivory Group prior to the issuance of the listing Prospectus;	Complied. Dato' Low Eng Hock has relinquished his directorships in companies involved in similar business activities with our Group as follows:- <table border="1" data-bbox="1034 443 1506 913"> <thead> <tr> <th>No.</th> <th>Company</th> <th>Resignation with Effect from</th> </tr> </thead> <tbody> <tr> <td>1.</td> <td>Kean Seng Enterprise (Kedah) Sendirian Berhad</td> <td>01.09.2009</td> </tr> <tr> <td>2.</td> <td>Low Theon Realty Sendirian Berhad</td> <td>01.09.2009</td> </tr> <tr> <td>3.</td> <td>Low Theon & Sons Sendirian Berhad</td> <td>01.09.2009</td> </tr> <tr> <td>4.</td> <td>Park Vue Realty Sdn Bhd</td> <td>01.09.2009</td> </tr> </tbody> </table>	No.	Company	Resignation with Effect from	1.	Kean Seng Enterprise (Kedah) Sendirian Berhad	01.09.2009	2.	Low Theon Realty Sendirian Berhad	01.09.2009	3.	Low Theon & Sons Sendirian Berhad	01.09.2009	4.	Park Vue Realty Sdn Bhd	01.09.2009
No.	Company	Resignation with Effect from															
1.	Kean Seng Enterprise (Kedah) Sendirian Berhad	01.09.2009															
2.	Low Theon Realty Sendirian Berhad	01.09.2009															
3.	Low Theon & Sons Sendirian Berhad	01.09.2009															
4.	Park Vue Realty Sdn Bhd	01.09.2009															
(vii)	AmlInvestment Bank and Ivory must fully comply with the relevant requirements pertaining to the implementation of the above proposal as stipulated in the SC Guidelines; and	To be complied															
(viii)	AmlInvestment Bank and Ivory must inform the SC upon completion of the proposal.	To be complied															

The SC (under the Guidelines on Acquisition of Interests, Mergers and Take-overs by Local and Foreign Interests) has noted that the equity structure relating to Bumiputera, non-Bumiputera and foreign shareholdings in our Company, ICSB and IVSB would change arising from the implementation of the listing proposal, as follows:-

(i) Our Company

	⁽¹⁾ Before proposal (%)	After proposal (%)
Bumiputera	-	⁽²⁾ 30.00
Non-Bumiputera	100.00	70.00
Foreign	-	-
	100.00	100.00

Notes:-

- (1) As at incorporation.
 (2) Including 4.60% and 18.16% of the enlarged share capital from the public issue and offer for sale portion respectively to be nominated and approved by MITI.

6. APPROVALS AND CONDITIONS (Cont'd)

(ii) ICSB

	Before proposal (%)	After proposal (%)
Bumiputera	51.00	65.70
Non-Bumiputera	49.00	34.30
Foreign	-	-
	100.00	100.00

(iii) IVSB

	Before proposal (%)	After proposal (%)
Bumiputera	51.00	65.70
Non-Bumiputera	49.00	34.30
Foreign	-	-
	100.00	100.00

- (b) The SC had vide its letters dated 19 November 2008 and 15 June 2009 approved the applications for extension of time of six (6) months up to 5 May 2009 and 5 November 2009 respectively for our Company to complete the Listing. There were no changes made to the conditions imposed by the SC in their abovementioned letters.
- (c) The SC had vide its letter dated 24 February 2010 approved our application for a revision made to the Listing Scheme and the application for extension of time of six (6) months up to 5 May 2010 for our Company to complete the Listing. The SC had in the same letter imposed the conditions as follows:-

Conditions Imposed by the SC via SC's Letter Dated 24 February 2010	Status of Compliance
(i) Ivory is required to submit its latest management accounts prior to submission of its listing Prospectus for registration which sets out the status of its operating cash flow balance and is able to demonstrate that it has positive cash flow from operating activities;	Complied. We had on 9 April 2010 submitted to the SC our latest management accounts for the financial period ended 28 February 2010 which sets out our positive cash flow from operating activities
(ii) Ivory is required to make the following disclosures in its listing Prospectus:-	
(a) Explanation as to why the profit margin for FYE 2009 had declined compared to FYE 2008; and	Complied. Please refer to Sections 10.3.1(ii)(c) and 10.3.1(ix)(d) of this Prospectus
(b) Explanation as to why Ivory expects the profit margin to increase in FYE 2010;	Complied. Please refer to Section 10.8 of this Prospectus
(iii) With regard to the following properties:-	
(a) No. 3B-5-5, Tanjung Park Condominium, Persiaran Lengkuas Satu, Tanjung Tokong, Pulau Pinang;	
(b) Parcel No. 2-2-12A, Plaza Ivory, Halaman Bukit Gambir, Gelugor, Pulau Pinang; and	
(c) No. 108-B-01, Seri Taman Tanjung, Persiaran Lengkuas, Tanjung Tokong, Pulau Pinang,	

6. APPROVALS AND CONDITIONS (Cont'd)

Conditions Imposed by the SC via SC's Letter Dated 24 February 2010	Status of Compliance
<p>Ivory is to:-</p> <p>(a) Rectify all structures (including structures on the relevant accessory parcels) which have yet to be approved by the relevant authorities within 12 months from the date of SC's approval;</p> <p>(b) Make quarterly announcement on the status of the application for approvals/ rectification works to Bursa Malaysia after listing; and</p> <p>(c) Update the SC on the status of the application for approvals/ rectification works on quarterly basis until such approvals are obtained/ rectification works are completed; and</p>	<p>(a) Complied.</p> <p>With regard to the properties:-</p> <p>(i) No. 3B-5-5, Tanjung Park Condominium, Persiaran Lengkuas Satu, Tanjung Tokong, Pulau Pinang; and</p> <p>(ii) No. 108-B-01, Seri Taman Tanjung, Persiaran Lengkuas, Tanjung Tokong, Pulau Pinang;</p> <p>Henry Butcher Malaysia (Penang) Sdn Bhd ("Henry Butcher Penang") had via its letter dated 9 March 2010 submitted to the SC the architect certificates on the abovementioned properties.</p> <p>In addition, Henry Butcher Penang had via its letter to the SC dated 9 April 2010 ("Letter") confirmed (attached with photographs for reference) that the abovementioned properties have been reinstated.</p> <p>(b) To be complied.</p> <p>Henry Butcher Penang had via its Letter confirmed that the reinstatement of Parcel No. 2-2-12A (Plot 41A & Plot 47), Plaza Ivory, Halaman Bukit Gambir, Gelugor, Pulau Pinang is in progress.</p> <p>Further, Henry Butcher Penang had via its letter to the SC dated 4 May 2010 states that the negotiations with the existing tenants pertaining to the reinstatement of Plot 41A and Plot 47 of Parcel No. 2-2-12A, Plaza Ivory have been initiated and are presently still in progress. The rectification of structure will commence accordingly after the eviction of the said tenants.</p> <p>To be complied</p> <p>To be complied</p>

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6. APPROVALS AND CONDITIONS (Cont'd)

Conditions Imposed by the SC via SC's Letter Dated 24 February 2010	Status of Compliance																								
(iii) Ivory to allocate 50% of the public spread requirement to Bumiputera investors. This includes the portion made available for subscription via balloting, 50% of which are to be offered to retail Bumiputera investors. In the event that Ivory/ MITI is unable to allocate the shares to Bumiputera investors, the unsubscribed shares shall be offered to Bumiputera public investors via balloting.	<p>Complied/ To be complied.</p> <p>The allocation of 50% of the public spread requirement to Bumiputera investors will be met as follows:-</p> <table border="1"> <thead> <tr> <th>No.</th> <th>Details</th> <th>No. of Shares to be Allocated to Bumiputera Investors</th> <th>% of Enlarged Issued and Paid-up Share Capital</th> </tr> </thead> <tbody> <tr> <td>1.</td> <td>Malaysian public via balloting</td> <td>4,650,000</td> <td>2.50</td> </tr> <tr> <td>2.</td> <td>Public Issue to Bumiputera investors</td> <td>570,000</td> <td>0.31</td> </tr> <tr> <td>3.</td> <td>Offer For Sale to Bumiputera investors</td> <td>16,170,000</td> <td>8.69</td> </tr> <tr> <td>4.</td> <td>Existing shareholders who are Bumiputera and deemed public</td> <td>1,860,000</td> <td>1.00</td> </tr> <tr> <td colspan="2"></td> <td>23,250,000</td> <td>12.50</td> </tr> </tbody> </table> <p>As set out above, 23,250,000 Shares are offered to Malaysian Bumiputera public, institutions and investors, representing 12.50% of our enlarged issued and paid up share capital</p>	No.	Details	No. of Shares to be Allocated to Bumiputera Investors	% of Enlarged Issued and Paid-up Share Capital	1.	Malaysian public via balloting	4,650,000	2.50	2.	Public Issue to Bumiputera investors	570,000	0.31	3.	Offer For Sale to Bumiputera investors	16,170,000	8.69	4.	Existing shareholders who are Bumiputera and deemed public	1,860,000	1.00			23,250,000	12.50
No.	Details	No. of Shares to be Allocated to Bumiputera Investors	% of Enlarged Issued and Paid-up Share Capital																						
1.	Malaysian public via balloting	4,650,000	2.50																						
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4.	Existing shareholders who are Bumiputera and deemed public	1,860,000	1.00																						
		23,250,000	12.50																						

The SC (under the equity requirement for public companies) has noted that the equity structure relating to Bumiputera, non-Bumiputera and foreign shareholdings in our Company arising from the implementation of the listing proposal, as follows:-

	Existing (as at Incorporation) (%)	After the Proposed Revision (%)
Bumiputera		
• Dato' Seri Nazir Ariff Bin Mushir Ariff	-	0.37
• Othaman @ Osman Bin Kalahan	-	⁽¹⁾ 1.00
• To be nominated and approved by MITI	-	9.00
• Via public balloting	-	2.50
Total Bumiputera	-	12.87
Non-Bumiputera	100.00	87.13
Foreign	-	-
Total	100.00	100.00

Note:-

(1) Subject to recognition by MITI.

6. APPROVALS AND CONDITIONS (Cont'd)

- (d) Further to the above, the SC had vide its letter dated 5 March 2010 imposed a condition as follows:-

Conditions Imposed by the SC via SC's Letter Dated 5 March 2010				Status of Compliance	
Moratorium condition imposed on Ivory Shares as follows:-				To be complied	
Name of Shareholders	< ----- After the Proposed Flotation ----- >				
	No. of Ivory Shares Held	% of Enlarged Share Capital (%)	No. of Ivory Shares under Moratorium		% of Enlarged Share Capital (%)
Dato' Low Eng Hock	97,611,566	52.48	83,700,000	45.00	
	97,611,566	52.48	83,700,000	45.00	

- (e) The SC had vide its letter dated 10 May 2010 approved the application for extension of time of three (3) months up to 5 August 2010 for our Company to complete the Listing. There were no changes made to the conditions imposed by the SC in the abovementioned letter.
- (f) The SC had vide its letter dated 8 July 2010, approved an exemption sought by us from having to comply with the requirement under the Prospectus Guidelines - Equity and Debt ("**Prospectus Guidelines**") issued by the SC. The details of the approved exemption sought and the accompanying conditions imposed by the SC are as follows:-

Relevant Paragraphs Under the Prospectus Guidelines for Which Waiver Were Sought	Details of the Waiver Granted
Paragraph 12.16	Waiver to allow for the disclosure of the proforma financial information comprising the proforma consolidated income statements for FYE 2005 to FYE 2009, proforma consolidated balance sheet as at 31 December 2009 and proforma consolidated cash flow statement for FYE 2009 of our Company for which the date of the latest audited financial statement is more than six (6) months prior to the issuance of this Prospectus as set out in Section 10 of this Prospectus.
Paragraph 13.13(b)(i)	Waiver to allow for the disclosure of the audited income statement, balance sheet, cash flow statement and statement of changes in equity for FYE 2005 to FYE 2009 of our Group in the Accountants' Report for which the date of the latest audited financial statement is more than six (6) months prior to the issuance of this Prospectus as set out in Section 11 of this Prospectus.

6. APPROVALS AND CONDITIONS (Cont'd)**6.2 MORATORIUM ON SHARES**

Pursuant to the condition imposed by the SC via its letters dated 5 May 2008 and 5 March 2010 as disclosed in Section 6.1.2(a) and (d) of this Prospectus, a shareholder of our Company will not be allowed to sell, transfer or assign his shareholding amounting to 45% of the enlarged issued and paid-up capital of our Company for one (1) year from the date of admission of our Company to the Official List of the Main Market of Bursa Securities.

The existing shareholder of our Company whose Shares are subjected to the moratorium as imposed by the SC is as follows:-

Name of Shareholder	No. of Shares Held After IPO	% of Enlarged Issued and Paid-up Capital [#] (%)	No. of Shares Held Under Moratorium	% of Enlarged Issued and Paid-up Capital [#] (%)
Dato' Low Eng Hock	97,611,566	52.48	83,700,000	45.00
	97,611,566	52.48	83,700,000	45.00

Note:-

[#] Computed based on our enlarged issued and paid-up share capital of 186,000,000 Shares.

The shareholder has provided a written undertaking that he will not sell, transfer or assign his shareholdings under moratorium for the moratorium period as stipulated above in accordance with the condition imposed by the SC.

The moratorium is specifically endorsed on the share certificate representing the shareholding of our shareholder to ensure that our registrars do not register any transfer not in compliance with the moratorium restrictions. In compliance with the restrictions, Bursa Depository will, on our registrars' instructions in the prescribed forms, ensure that trading of these shares are not permitted in the moratorium period.

The endorsement affixed on the share certificate will be as follows:-

*"The Shares comprised herein are not capable of being sold, transferred or assigned for the period as determined by the SC ("**moratorium period**"). The Shares comprised herein will not constitute good delivery pursuant to the Rules of the Exchange during the moratorium period. No share certificates will be issued to replace this certificate during the moratorium period unless the same shall be endorsed with this restriction".*

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7. RELATED-PARTY TRANSACTIONS/ CONFLICT OF INTEREST**7.1 EXISTING AND PROPOSED RELATED-PARTY TRANSACTIONS/ CONFLICT OF INTEREST****7.1.1 Non-Recurrent Related Party Transactions**

- (i) Save as disclosed below, our Group does not have any other existing and/or proposed related party transactions or other subsisting contracts of arrangement entered into by our Group which involved the interest, direct or indirect, of the Directors, substantial shareholders of our Company and/or key management and/or persons connected to them as defined under Section 122A of the Act for the past three (3) FYE 2007 to FYE 2009 up to LPD:-

No.	Related Party	Interested Promoter/ Director/ Substantial Shareholder/ Key Management	Interest in Our Group	Nature of Interest in Related Party	Principal Activities	Nature of Transaction	FYE 2007 RM'000	FYE 2008 RM'000	FYE 2009 RM'000	LPD RM'000
1.	Chow Kah Hoong	Chow Kah Hoong	Shareholder/ Key Management/ Director of G&A	-	-	Providing engineering consultant services	39	84	88	-
2.	Low Theon & Sons Sendirian Berhad	Dato' Low Eng Hock	Promoter/ Director/ Substantial Shareholder	Director/ Shareholder	Civil engineering contractor	Selling used construction machinery and equipment to IASB	49	-	-	-
3.	Low Theon & Sons Sendirian Berhad	Dato' Low Eng Hock	Promoter/ Director/ Substantial Shareholder	Director/ Shareholder	Civil engineering contractor	Leasing of construction machinery and equipment to IASB	18	-	-	-
4.	Dato' Low Eng Hock	Dato' Low Eng Hock	Promoter/ Director/ Substantial Shareholder	-	-	Purchase 2 units of residential properties at Penang Times Square, 2 units of residential properties at Moonlight Bay, 1 unit of residential property at Zen @ The View and 1 unit of residential property at Island Resort	-	9,636	1,086	-
5.	Low Hooi Hong	Dato' Low Eng Hock	Promoter/ Director/ Substantial Shareholder	Low Hooi Hong is the sister of Dato' Low Eng Hock	-	Purchase 1 unit of commercial property at Penang Times Square	542	-	-	-

7. RELATED-PARTY TRANSACTIONS/ CONFLICT OF INTEREST (Cont'd)

No.	Related Party	Interested Promoter/ Director/ Substantial Shareholder/ Key Management	Interest in Our Group	Nature of Interest in Related Party	Principal Activities	Nature of Transaction	FYE 2007 RM'000	FYE 2008 RM'000	FYE 2009 RM'000	LPD RM'000
6.	Low Hooi Teng (jointly purchased with Hing Chin Hooi)	Dato' Low Eng Hock	Promoter/ Director/ Substantial Shareholder	Low Hooi Teng is the sister of Dato' Low Eng Hock	-	Purchase 1 unit of commercial property at Penang Times Square	582	-	-	-
7.	Ching Ai Hooi (jointly purchased with Aw Yeong Weng Kwong)	Ching Ai Hooi	Key Management	-	-	Purchase 1 unit of residential property at Penang Times Square	237	-	-	-
8.	Low Hwee Leng	Dato' Low Eng Hock	Promoter/ Director/ Substantial Shareholder	Low Hwee Leng is the sister of Dato' Low Eng Hock	-	Purchase 1 unit of commercial property at Penang Times Square	713	-	-	-
9.	Lee Boon Eng	Lee Saw Looi	Key Management	Lee Boon Eng is the brother of Lee Saw Looi	-	Rent of apartment at No. 108-15-08, Seri Taman Tanjung, Persiaran Lengkuas, 10470 Tanjung Tokong, Penang at RM600 per month	7	7	7	1
10.	Dato' Low Eng Hock	Dato' Low Eng Hock	Promoter/ Director/ Substantial Shareholder	-	-	Purchase of 2 motor vehicles from Dato' Low Eng Hock	667	7	-	-
11.	Khoo Khai Hong & Co ^(b)	Dato' Low Eng Hock	Promoter/ Director/ Substantial Shareholder	Khoo Khai Hong is the father-in-law of Dato' Low Eng Hock	Chartered Accountants	Tax agent for IASB	2	2	2	-
12.	Dato' Seri Nazir Ariff Bin Mushir Ariff	Dato' Seri Nazir Ariff Bin Mushir Ariff	Director/ Shareholder	-	-	Purchase 1 unit of residential property at Moonlight Bay	-	2,981	-	-
13.	Najieb Ariff Bin Nazir Ariff	Dato' Seri Nazir Ariff Bin Mushir Ariff	Director/ Shareholder	Najieb Ariff Bin Nazir Ariff is the son of Dato' Seri Nazir Ariff Bin Mushir Ariff	-	Purchase 1 unit of residential property at Island Resort	-	-	317	-
14.	Nawiza Hanoum Binti Nazir Ariff	Dato' Seri Nazir Ariff Bin Mushir Ariff	Director/ Shareholder	Nawiza Hanoum Binti Nazir Ariff is the daughter of Dato' Seri Nazir Ariff Bin Mushir Ariff	-	Purchase 1 unit of residential property at Island Resort	-	-	267	-

7. RELATED-PARTY TRANSACTIONS/ CONFLICT OF INTEREST (Cont'd)

No. Related Party	Interested Director/ Shareholder/ Substantial Shareholder/ Key Management	Interest in Our Group	Nature of Interest in Related Party	Principal Activities	Nature of Transaction	FYE 2007 RM'000	FYE 2008 RM'000	FYE 2009 RM'000	LPD RM'000
15. Ruslieza Binti Rusli	Dato' Seri Nazir Ariff Bin Mushir Ariff	Director/ Shareholder	Ruslieza Binti Rusli is the daughter-in-law of Dato' Seri Nazir Ariff Bin Mushir Ariff	-	Purchase 1 unit of residential property at Island Resort	-	-	307	-
16. Tan Yew Oo	Dato' Tan Yew Thong	Shareholder	Tan Yew Oo is the brother of Dato' Tan Yew Thong	-	Purchase 1 unit of residential property at Moonlight Bay	-	1,451	-	-
17. Loh Chin Chuen	Loh Chin Chuen	Director/ Shareholder	-	-	Purchase 1 unit of residential property at Island Resort	-	-	400	-
18. Lim Hock Siu	Lim Hock Siu	Director	-	-	Purchase 1 unit of residential property at Island Resort and 1 unit of commercial property at Penang Times Square	-	-	400	435
19. Strong Bay Sdn Bhd	Dato' Low Eng Hock	Promoter/ Director/ Substantial Shareholder	Low Hooi Lee holds 50% equity shareholding in Strong Bay Sdn Bhd and is the sister of Dato' Low Eng Hock	-	Purchase 1 unit of commercial property at Penang Times Square and 5 units of residential properties at Island Resort.	495	-	1,985	-
20. Yeong Siew Yan (jointly purchased with Tan Chin Chin)	Yeong Siew Yan	Key Management	-	-	Purchase 1 unit of residential property at Penang Times Square	311	-	-	-
21. Dato' Seri Nazir Ariff Bin Mushir Ariff	Dato' Seri Nazir Ariff Bin Mushir Ariff	Director/ Shareholder	-	-	Purchase of 1 motor vehicle from Dato' Seri Nazir Ariff Bin Mushir Ariff	-	150	-	-
22. Khor Ah Hong (jointly purchased with Khaw Sai Keng)	Lim Kin Lian	Key Management	Khor Ah Hong is the wife of Lim Kin Lian	-	Purchase 1 unit of residential property at Island Resort	-	-	287	-
23. Tan Mei Ling (jointly purchased with Tan Kin Hoong)	Tan Mei Ling	Key Management	-	-	Purchase 1 unit of residential property at Island Resort	-	-	288	-

7. RELATED-PARTY TRANSACTIONS/ CONFLICT OF INTEREST (Cont'd)

No. Related Party	Interested Promoter/ Director/ Substantial Shareholder/ Key Management	Interest in Our Group	Nature of Interest in Related Party	Principal Activities	Nature of Transaction	FYE 2007 RM'000	FYE 2008 RM'000	FYE 2009 RM'000	LPD RM'000
24. Tan Mei Ling (jointly purchased with Peh Say Moy @ Peh Kim Keow, Tan Bee Hoon and Tan Leong Chye)	Tan Mei Ling	Key Management	-	-	Purchase 1 unit of residential property at Island Resort	-	-	268	-
25. Kang Pee Thye (jointly purchased with Lim Teck Vee)	Kang Pee Thye	Key Management	-	-	Purchase 1 unit of residential property at Island Resort	-	-	346	-
26. Dato' Seri Nazir Ariff Bin Mushir Ariff (jointly purchased with Zubaidah Binti Hashim)	Dato' Seri Nazir Ariff Bin Mushir Ariff	Director/ Shareholder	Zubaidah Binti Hashim is the mother of Dato' Seri Nazir Ariff Bin Mushir Ariff	-	Purchase 2 units of residential property at Island Resort	-	-	1,344	-
27. Murly A/L Manokharan (jointly purchased with Loh Hong Chee)	Murly A/L Manokharan	Key Management	-	-	Purchase 1 unit of residential property at Island Resort	-	-	317	-
28. Dato' Low Eng Hock	Dato' Low Eng Hock	Promoter/ Director/ Substantial Shareholder	-	-	Dato' Low Eng Hock had entered into/ signed the following agreements/ letters for the development of the Island Resort project:- (i) Joint Venture Agreement dated 30 September 2004; (ii) Supplemental Agreement dated 18 August 2009; and (iii) Supplemental Letters dated 12 October 2009, 28 December 2009 and 25 February 2010. Please refer to Section 15.5, item (xvi) of this Prospectus for further details on the said agreements/ letters.	-	-	-	-

7. RELATED PARTY TRANSACTIONS/ CONFLICT OF INTEREST (Cont'd)

(ii) Khoo Khai Hong is the father-in-law of Dato' Low Eng Hock and the sole proprietor and Chartered Accountant of Khoo Khai Hong & Co. The following are the transactions between Khoo Khai Hong & Co and our Group:-

(a) Khoo Khai Hong & Co was the auditor for:-

- (aa) IASB for the FYE 1999 to FYE 2005;
- (bb) ISSB for the FYE 2000 to FYE 2005;
- (cc) G&A for the FYE 2001 to FYE 2005; and
- (dd) IPMSB for the financial years ended 30 June 2001 to 2006.

Nevertheless, Khoo Khai Hong & Co has ceased to be the auditor of IASB with effect from 12 September 2006 and ISSB, G&A and IPMSB with effect from 11 September 2006; and

(b) Khoo Khai Hong & Co was the tax agent for:-

- (aa) IASB for the FYE 1999 to FYE 2009;
- (bb) ISSB for the FYE 2000 to FYE 2005;
- (cc) G&A for the FYE 2001 to FYE 2005; and
- (dd) IPMSB for the financial years ended 30 June 2001 to 2006.

Nevertheless, save for IASB, Khoo Khai Hong & Co has ceased to be the tax agent of ISSB, G&A and IPMSB with effect from 24 November 2006.

Further to the above, KPMG, the Reporting Accountants for the IPO has reviewed the financial results of the respective companies in our Group and the proforma consolidated results of our Company (on the assumption that the current structure of our Group has been in existence throughout the said financial years) for the relevant FYE 2004 to FYE 2006 pursuant to the IPO, in its preparation of Long Form Accountants' Report.

KPMG has been the Auditors of IASB since FYE 2006 whilst Grant Thornton has been the Auditors of ISSB and G&A since FYE 2006 and for IPMSB since the six (6) months period ended 31 December 2006. Also, Grant Thornton is the tax agent for ISSB and G&A since FYE 2006 and for IPMSB since the six (6) months period ended 31 December 2006.

(iii) Lau Siew Lan @ Oo Tim Moy and Dato' Low Eng Keong are the Directors and shareholders of Techware Sdn Bhd ("TWSB") which is principally involved in property development. Lau Siew Lan @ Oo Tim Moy is the mother of Dato' Low Eng Hock and Dato' Low Eng Keong is the brother of Dato' Low Eng Hock. Dato' Low Eng Hock is not a Director nor shareholder of TWSB. The property development projects undertaken by TWSB are independent of our Group.

Our Directors are of the opinion that all business transactions between our Group and our Directors, substantial shareholders and key management, and/or persons connected to them are on arm's length basis and on terms not more favourable to the related parties than those generally available to the public. Our Audit Committee will supervise the terms of related party transactions, and the Directors of our Company will report related party transactions, if any, annually in our Company's annual report.

7. RELATED PARTY TRANSACTIONS/ CONFLICT OF INTEREST (Cont'd)**7.1.2 Recurrent Related Party Transaction of A Revenue or Trading Nature**

Pursuant to Paragraph 10.09 of the Listing Requirements, a listed issuer may seek a shareholders' mandate in respect of a related party transaction which is recurrent, of a revenue or trading nature and which is necessary for day-to-day operations of our Company or our subsidiaries subject to the following:-

- (i) the transactions are in the ordinary course of business and are on terms not more favourable to the related party than those generally available to the public;
- (ii) the shareholders' mandate is subject to annual renewal and disclosure is made in the annual report of the aggregate value of transactions conducted pursuant to the shareholders' mandate during the financial year where the aggregate value is equal to or more than the threshold prescribed under Paragraph 10.09(1) of the Listing Requirements; and
- (iii) in a meeting to obtain shareholders' mandate, the interested director, interested major shareholder or interested person connected with a director or major shareholder; and where it involves the interest of an interested person connected with a director or major shareholder, such director or major shareholder, must not vote on the resolution to approve the transactions. An interested director or interested major shareholder must ensure that persons connected with him abstain from voting on the resolution approving the transactions.

Our Group would, in the ordinary course of our business, enter into transactions, including but not limited to the transactions described in related party transactions set out in Section 7.1 of this Prospectus, with persons which are considered "related party" as defined in Chapter 10 of the Listing Requirements. It is likely that such transactions will occur with some degree of frequency and could arise at any time and from time to time.

Due to the time-sensitive nature of commercial transactions, the shareholders' mandate will enable us, in our normal course of business, to enter into the categories of related party transactions, provided such transactions involving the interested person are made at arm's length and on normal commercial terms.

Transactions that do not fall within the ambit of the shareholders' mandate shall be subject to the relevant provisions of the Listing Requirements.

Upon Listing, our Audit Committee will supervise the terms of related party transactions and our Directors will report related party transactions, if any, annually in our Company's annual report. In the event there are any proposed related party transactions that involve the interest, direct or indirect, of our Directors, the interested Director(s) shall disclose his interest to our Board, of the details of the nature and extent of his interest, including all matters in relation to the proposed related-party transactions that he is aware or should reasonably be aware of, which is not in our best interests. The interested Director(s) shall also abstain from any Board deliberation and voting on the relevant resolution(s) in respect of such proposed related-party transactions.

7. RELATED PARTY TRANSACTIONS/ CONFLICT OF INTEREST (Cont'd)

In the event there are any proposed related party transactions that require the prior approval of shareholders, the Directors, major shareholders and/or persons connected with a Director or major shareholder, which have any interest, direct or indirect, in the proposed related party transaction will abstain from voting in respect of their direct and/or indirect shareholdings. Where a person connected with a Director or major shareholder has interest, direct or indirect, in any proposed related party transactions, the Director or major shareholder concerned will also abstain from voting in respect of his direct and/or indirect shareholdings. Such interested Directors and/or major shareholders will also undertake that he shall ensure that the persons connected with him will abstain from voting on the resolution approving the proposed related party transaction at the general meeting.

7.2 TRANSACTIONS THAT ARE UNUSUAL IN THEIR NATURE OR CONDITIONS

Save as disclosed in Section 7.1 of this Prospectus, our Directors have confirmed that to the best of their knowledge and belief, there are no transactions that are unusual in their nature or conditions, involving goods, services, tangible or intangible assets, to which we or any of our subsidiaries was a party in respect the past three (3) FYE 2007 to FYE 2009 up to LPD.

7.3 OUTSTANDING LOANS MADE TO/ FOR THE BENEFIT OF RELATED PARTIES

Our Directors have confirmed that there were no outstanding loans (including guarantees of any kind) made by our Company or any of our subsidiaries to or for the benefit of any related party in respect of the past three (3) FYE 2007 to FYE 2009 up to LPD.

7.4 INTEREST IN SIMILAR BUSINESS

As at LPD, save as disclosed below, to the best of the knowledge and belief of our Directors, none of our Directors and substantial shareholders has any interest, direct and/or indirect in other businesses and/or corporations carrying on a similar trade as that of our Group which would give rise to a conflict of interest situation.

Name of Interested Director/ Substantial Shareholder	Name of Company	Principal Activities	Nature of Interest	% Equity Holding	
				Direct	Indirect
Dato' Low Eng Hock	ICSB	Property development	Director	-	^(a) 49.00
	IVSB	Property development	Director	-	^(a) 49.00
	Kean Seng Enterprise (Kedah) Sendirian Berhad	Investment in real property	^(b)	22.22	-
	Low Theon Realty Sendirian Berhad	Property and investment holding	^(b)	23.99	-
	Low Theon & Sons Sendirian Berhad	Civil engineering contractor	^(b)	39.00	-
	Park Vue Realty Sdn Bhd	Investment in properties	^(b)	70.00	-
Loh Chin Chuen	ICSB	Property development	Alternate Director to Dato' Low Eng Hock	-	-
	Park Vue Realty Sdn Bhd	Investment in properties	Director	-	-

7. RELATED PARTY TRANSACTIONS/ CONFLICT OF INTEREST (Cont'd)

Name of Interested Director/ Substantial Shareholder	Name of Company	Principal Activities	Nature of Interest	% Equity Holding	
				Direct	Indirect
Ooi Choi Kiat	H & P Construction Sdn Bhd	Investment holding	Director	30.00	-
	Mawar Abadi (M) Sdn Bhd	Building contractor	Director	70.00	-
	Park Vue Realty Sdn Bhd	Investment in properties	Director	30.00	-
Loh Chye Teik	Olympia Industries Berhad	Property investment/ development, stockbroking, gaming, travel and tours, and restaurant operations	Independent Non-Executive Director	-	-

Note:-

- (a) Deemed interested by virtue of his shareholding of not less than 15% in our Company pursuant to Section 6A of the Act.
- (b) Resigned as a Director as detailed below and as disclosed in Section 6.1.2 (a) of this Prospectus:-

No.	Company	With Effect From
1.	Kean Seng Enterprise (Kedah) Sendirian Berhad	01.09.2009
2.	Low Theon Realty Sendirian Berhad	01.09.2009
3.	Low Theon & Sons Sendirian Berhad	01.09.2009
4.	Park Vue Realty Sdn Bhd	01.09.2009

Our Board is of the opinion that there is no existing or potential conflict of interest situation arising from the shareholdings and directorships of the Directors and/or substantial shareholders of our Group in the following companies:-

- (a) Dato' Low Eng Hock in ICSB and IVSB as all of the projects undertaken by ICSB and IVSB are jointly developed with our Group.
- (b) Dato' Low Eng Hock, Ooi Choi Kiat and Loh Chin Chuen in Park Vue Realty Sdn Bhd as the company is only involved in small-scale property investment and not in property development activities. Dato' Low Eng Hock has resigned as a Director in Park Vue Realty Sdn Bhd with effect from 1 September 2009.
- (c) Dato' Low Eng Hock in:-
- Kean Seng Enterprise (Kedah) Sendirian Berhad and Low Theon Realty Sendirian Berhad as these companies are only involved in small-scale property investment and not in property development activities; and
 - Low Theon & Sons Sendirian Berhad, a civil engineering contractor, as it is involved in building and construction that mainly cater for third parties while our Group's building and construction is a supporting unit of our Group.

7. RELATED PARTY TRANSACTIONS/ CONFLICT OF INTEREST (Cont'd)

Dato' Low Eng Hock has resigned as a Director in Kean Seng Enterprise (Kedah) Sendirian Berhad, Low Theon Realty Sendirian Berhad and Low Theon & Sons Sendirian Berhad with effect from 1 September 2009.

- (d) Loh Chin Chuen in ICSB as all of the projects undertaken by ICSB are jointly developed with our Group.
- (e) Ooi Choi Kiat in H & P Construction Sdn Bhd and Mawar Abadi (M) Sdn Bhd as H & P Construction Sdn Bhd is not actively in operations and currently, it only receives rental income on the factory which it has previously built while Mawar Abadi (M) Sdn Bhd is primarily focused on infrastructure development.
- (f) Loh Chye Teik in Olympia Industries Berhad as he is an Independent Non-Executive Director and is not involved in the management of the company.

To safeguard the interest of our Group and to avoid a possible conflict of interest situation, our Audit Committee comprising a majority of Independent Directors, will review all material transactions with related parties.

7.5 INTERESTS IN OTHER BUSINESSES OR CORPORATIONS WHICH ARE CUSTOMERS OR SUPPLIERS OF OUR GROUP

As at LPD, to the best of the knowledge and belief of our Directors, none of our Directors and/or substantial shareholders has any interest, direct and/or indirect in other businesses and/or corporations which are the customers or suppliers of our Group.

7.6 PROMOTIONS OF ANY MATERIAL ASSETS ACQUIRED/ TO BE ACQUIRED

Save as disclosed below, none of our Directors and/or substantial shareholders has any interest, direct or indirect, in the promotion of or in any material assets acquired or proposed to be acquired or disposed or proposed to be disposed of or leased or proposed to be leased to our Company or any of our subsidiaries within the three (3) FYE 2007 to FYE 2009 preceding the date of this Prospectus:-

- (i) IASB had on 8 March 2007 passed a resolution to purchase two (2) motor vehicles from Dato' Low Eng Hock for a total cash purchase consideration of RM600,000 and the said motor vehicles shall remain to be registered in the name of Dato' Low Eng Hock, who shall hold the same in trust for and on behalf of IASB.
- (ii) We had entered into a conditional share sale agreement dated 21 May 2007 and supplemental agreements dated 10 November 2008, 14 September 2009 and 12 November 2009 respectively with Dato' Low Eng Hock, Ooi Choi Kiat and Dato' Seri Nazir Ariff Bin Mushir Ariff to acquire the entire issued and paid-up share capital of IASB comprising 6,500,000 ordinary shares of RM1.00 each for a purchase consideration of RM102,118,975 satisfied wholly by the issuance of 84,395,847 new Shares in our Company at an issue price of RM1.21 per Share. The purchase consideration of IASB was based on the adjusted consolidated NTA of IASB as at 31 December 2008 after taking into account the adjustment to the fair value (net of deferred taxation) of certain properties of the IASB group of RM39,570,409.

7. RELATED PARTY TRANSACTIONS/ CONFLICT OF INTEREST (Cont'd)

Acquisition of IASB by Our Company		
Name	Nature of Interest in Our Company	Nature of Interest in IASB
Dato' Low Eng Hock	Director and substantial shareholder	Director and substantial shareholder
Ooi Choi Kiat	Director and substantial shareholder	Director and substantial shareholder
Dato' Seri Nazir Ariff Bin Mushir Ariff	Director and shareholder	Shareholder
Loh Chin Chuen	Director and shareholder	Director

- (iii) We had entered into a conditional share sale agreement dated 21 May 2007 and supplemental agreements dated 10 November 2008, 14 September 2009 and 12 November 2009 respectively with Dato' Low Eng Hock, Dato' Seri Nazir Ariff Bin Mushir Ariff and Othaman @ Osman Bin Kallahan to acquire the entire issued and paid-up share capital of IMSB comprising 1,000,000 ordinary shares of RM1.00 each for a purchase consideration of RM8,296,299 satisfied wholly by the issuance of 6,856,445 new Shares in our Company at an issue price of RM1.21 per Share. The purchase consideration of IMSB was based on the audited NTA of IMSB as at 31 December 2008 of RM8,296,299.

Acquisition of IMSB by Our Company		
Name	Nature of Interest in Our Company	Nature of Interest in IMSB
Dato' Low Eng Hock	Director and substantial shareholder	Director and substantial shareholder
Dato' Seri Nazir Ariff Bin Mushir Ariff	Director and shareholder	Director and shareholder
Othaman @ Osman Bin Kallahan	Shareholder	Substantial shareholder
Loh Chin Chuen	Director and shareholder	Director

- (iv) We had entered into a conditional share sale agreement dated 21 May 2007 and supplemental agreements dated 10 November 2008, 14 September 2009 and 12 November 2009 respectively with Dato' Low Eng Hock, Dato' Teh Yeong Keat and Dato' Seri Nazir Ariff Bin Mushir Ariff to acquire the entire issued and paid-up share capital of ISSB comprising 1,920,000 ordinary shares of RM1.00 each for a purchase consideration of RM8,727,778 satisfied wholly by the issuance of 7,213,040 new Shares in our Company at an issue price of RM1.21 per Share. The purchase consideration of ISSB was based on the adjusted NTA of ISSB as at 31 December 2008 after taking into account the adjustment to the fair value (net of deferred taxation) of certain properties of ISSB.

Acquisition of ISSB by Our Company		
Name	Nature of Interest in Our Company	Nature of Interest in ISSB
Dato' Low Eng Hock	Director and substantial shareholder	Director and substantial shareholder
Dato' Teh Yeong Keat	Shareholder	Substantial shareholder
Dato' Seri Nazir Ariff Bin Mushir Ariff	Director and shareholder	Shareholder
Loh Chin Chuen	Director and shareholder	Director

7. RELATED PARTY TRANSACTIONS/ CONFLICT OF INTEREST (Cont'd)

- (v) We had entered into a conditional share sale agreement dated 21 May 2007 and supplemental agreements dated 10 November 2008, 14 September 2009 and 12 November 2009 respectively with Dato' Low Eng Hock and Ooi Choi Kiat to acquire the entire issued and paid-up share capital of IPMSB comprising 100,000 ordinary shares of RM1.00 each for a purchase consideration of RM222,422 satisfied wholly by the issuance of 183,820 new Shares in our Company at an issue price of RM1.21 per Share. The purchase consideration of IPMSB was based on the audited NTA of IPMSB as at 31 December 2008 of RM222,422.

Acquisition of IPMSB by Our Company		
Name	Nature of Interest in Our Company	Nature of Interest in IPMSB
Dato' Low Eng Hock	Director and substantial shareholder	Director and substantial shareholder
Ooi Choi Kiat	Director and substantial shareholder	Director and substantial shareholder
Loh Chin Chuen	Director and shareholder	Director

- (vi) We had entered into a conditional share sale agreement dated 14 September 2009 and a supplemental agreement dated 12 November 2009 with Dato' Low Eng Hock, Chow Kah Hoong and Loh Chin Chuen to acquire the entire issued and paid-up share capital of G&A comprising 100,000 ordinary shares of RM1.00 each for a purchase consideration of RM495,081 satisfied wholly by the issuance of 409,158 new Shares in our Company at an issue price of RM1.21 per Share. The purchase consideration of G&A was based on the audited NTA of G&A as at 31 December 2008 of RM495,081.

Acquisition of G&A by Our Company		
Name	Nature of Interest in Our Company	Nature of Interest in G&A
Dato' Low Eng Hock*	Director and substantial shareholder	Director and substantial shareholder
Chow Kah Hoong	Shareholder	Director and substantial shareholder
Loh Chin Chuen	Director and shareholder	Director and substantial shareholder

Note:-

- * Chok Keng Vui has transferred his equity interest of 15% comprising 15,000 ordinary shares of RM1.00 each in G&A to Dato' Low Eng Hock on 17 August 2009.

- (vii) We had entered into a conditional share sale agreement dated 21 May 2007 and supplemental agreements dated 10 November 2008, 14 September 2009 and 12 November 2009 respectively with Dato' Low Eng Hock, Dato' Tan Yew Thong, Othaman @ Osman Bin Kallahan and Dato' Seri Nazir Ariff Bin Mushir Ariff to acquire 40% of the issued and paid-up share capital of IGSB comprising 1,200,000 ordinary shares of RM1.00 each for a purchase consideration of RM49,425,357 satisfied wholly by the issuance of 40,847,403 new Shares in our Company at an issue price of RM1.21 per Share. The purchase consideration of IGSB was based on the adjusted NTA of IGSB as at 31 December 2008 after taking into account the adjustment to the fair value (net of deferred taxation) of certain properties of IGSB.

7. RELATED PARTY TRANSACTIONS/ CONFLICT OF INTEREST (Cont'd)

Acquisition of 40% IGSB by Our Company		
Name	Nature of Interest in Our Company	Nature of Interest in IGSB
Dato' Low Eng Hock	Director and substantial shareholder	Director and substantial shareholder
Dato' Tan Yew Thong	Shareholder	Substantial shareholder
Othaman @ Osman Bin Kallahan	Shareholder	Substantial shareholder
Dato' Seri Nazir Ariff Bin Mushir Ariff	Director and shareholder	Director and shareholder
Loh Chin Chuen	Director and shareholder	Director
Dato' Mohamad Subky Bin Haji Abdul Raof	-	Director

- (viii) We had entered into a conditional share sale agreement dated 14 September 2009 and a supplemental agreement dated 12 November 2009 with Dato' Low Eng Hock and Loh Chin Chuen to acquire the entire issued and paid-up share capital of IISB comprising 250,000 ordinary shares of RM1.00 each for a purchase consideration of RM228,378 satisfied wholly by the issuance of 188,742 new Shares in our Company at an issue price of RM 1.21. The purchase consideration of IISB was based on the audited NTA of IISB as at 31 December 2008 of RM228,378.

Acquisition of IISB by Our Company		
Name	Nature of Interest in Our Company	Nature of Interest in IISB
Dato' Low Eng Hock	Director and substantial shareholder	Director and substantial shareholder
Loh Chin Chuen	Director and shareholder	Director and substantial shareholder

Note:-

- * Chok Keng Vui has transferred his equity interest of 5% comprising 12,500 ordinary shares of RM1.00 each in IISB to Loh Chin Chuen on 17 August 2009.

- (ix) We had entered into a conditional share sale agreement dated 21 May 2007 and supplemental agreements dated 10 November 2008, 14 September 2009 and 12 November 2009 respectively with Dato' Low Eng Hock, Othaman @ Osman Bin Kallahan and Dato' Teh Yeong Keat to acquire the entire issued and paid-up share capital of IFSB comprising 100,000 ordinary shares of RM1.00 each for a purchase consideration of RM59,247 satisfied wholly by the issuance of 48,964 new Shares in our Company at an issue price of RM1.21 per Share. The purchase consideration of IFSB was based on the audited NTA of IFSB as at 31 December 2008 of RM59,247.

Acquisition of IFSB by Our Company		
Name	Nature of Interest in Our Company	Nature of Interest in IFSB
Dato' Low Eng Hock	Director and substantial shareholder	Director and substantial shareholder
Othaman @ Osman Bin Kallahan	Shareholder	Substantial shareholder
Dato' Teh Yeong Keat	Shareholder	Substantial shareholder
Loh Chin Chuen	Director and shareholder	Director

7. RELATED PARTY TRANSACTIONS/ CONFLICT OF INTEREST (Cont'd)

- (x) We had entered into a conditional share sale agreement dated 14 September 2009 with Dato' Low Eng Hock and Loh Chin Chuen to acquire the entire issued and paid-up share capital of ITSSB comprising 2 ordinary shares of RM1.00 each for a cash consideration of RM2. The purchase consideration of ITSSB was based on the cost of investment of the vendors in ITSSB of RM2.

Acquisition of ITSSB by Our Company		
Name	Nature of Interest in Our Company	Nature of Interest in ITSSB
Dato' Low Eng Hock	Director and substantial shareholder	Director and substantial shareholder
Loh Chin Chuen	Director and shareholder	Director and substantial shareholder
Dato' Seri Nazir Ariff Bin Mushir Ariff	Director and shareholder	Director

Note:-

- * *Chok Keng Vui has transferred his equity interest of 50% comprising 1 ordinary share of RM1.00 each in ITSSB to Loh Chin Chuen on 17 August 2009.*

- (xi) We had entered into a conditional share sale agreement dated 14 September 2009 with Dato' Low Eng Hock, and Loh Chin Chuen to acquire the entire issued and paid-up share capital of IUSB comprising 2 ordinary shares of RM1.00 each for a cash consideration of RM2. The purchase consideration of IUSB was based on the cost of investment of the vendors in IUSB of RM2.

Acquisition of IUSB by Our Company		
Name	Nature of Interest in Our Company	Nature of Interest in IUSB
Dato' Low Eng Hock	Director and substantial shareholder	Director and substantial shareholder
Loh Chin Chuen	Director and shareholder	Director and substantial shareholder

Note:-

- * *Chok Keng Vui has transferred his equity interest of 50% comprising 1 ordinary share of RM1.00 each in IUSB to Loh Chin Chuen on 17 August 2009.*

- (xii) We had entered a into conditional share sale agreement dated 14 September 2009 with Dato' Low Eng Hock, Dato' Seri Nazir Ariff Bin Mushir Ariff and Loh Chin Chuen to acquire the entire issued and paid-up share capital of Sunlink comprising 100,000 ordinary shares of RM1.00 each for a cash consideration of RM100,000. The purchase consideration of Sunlink was based on the cost of investment of the vendors in Sunlink of RM100,000.

Acquisition of Sunlink by Our Company		
Name	Nature of Interest in Our Company	Nature of Interest in Sunlink
Dato' Low Eng Hock	Director and substantial shareholder	Director and substantial shareholder
Dato' Seri Nazir Ariff Bin Mushir Ariff	Director and shareholder	Director and substantial shareholder
Loh Chin Chuen	Director and shareholder	Director and substantial shareholder

7. RELATED PARTY TRANSACTIONS/ CONFLICT OF INTEREST (Cont'd)

- (xiii) We had entered into a conditional share sale agreement dated 21 May 2007 and supplemental agreements dated 10 November 2008, 14 September 2009 and 12 November 2009 respectively with Dato' Low Eng Hock to acquire 49% of the issued and paid-up share capital of ICSB comprising 980,000 ordinary shares of RM1.00 each for a purchase consideration of RM214,647 satisfied by the issuance of 177,394 new Shares in our Company at the issue price of RM1.21 per Share. The purchase consideration of ICSB was based on the audited NTA of ICSB as at 31 December 2008.

Acquisition of 49% ICSB by Our Company		
Name	Nature of Interest in Our Company	Nature of Interest in ICSB
Dato' Low Eng Hock	Director and substantial shareholder	Director and substantial shareholder
Tan Sri Dato' Tan Chee Sing	-	Director
Dato' Tong Kien Onn	-	Director
Azri Bin Mohamed Aziz	-	Substantial shareholder
Ismail Bin Saleh	-	Director
Quek Cham Hong	-	Director
Loh Chin Chuen	Director and shareholder	Alternate Director to Dato' Low Eng Hock

- (xiv) We had entered into a conditional share sale agreement dated 21 May 2007 and supplemental agreements dated 10 November 2008, 14 September 2009 and 12 November 2009 respectively with Dato' Low Eng Hock to acquire 49% of the issued and paid-up share capital of IVSB comprising 490,000 ordinary shares of RM1.00 each for a purchase consideration of RM943,851 satisfied by the issuance of 780,042 new Shares in our Company at an issue price of RM1.21 per Share. The purchase consideration of IVSB was based on the audited NTA of IVSB as at 31 December 2008.

Acquisition of 49% IVSB by Our Company		
Name	Nature of Interest in Our Company	Nature of Interest in IVSB
Dato' Low Eng Hock	Director and substantial shareholder	Director and substantial shareholder
Azri Bin Mohamed Aziz	-	Director and substantial shareholder
Dato' Mohamad Subky Bin Haji Abdul Raof	-	Director and substantial shareholder
Zaida Binti Ayob	Key management	Director and substantial shareholder

- (xv) We had entered into a conditional share sale agreement dated 21 May 2007 with IASB to acquire 60% of the issued and paid-up share capital of IGSB comprising 1,800,000 ordinary shares of RM1.00 each for a cash consideration of RM1,800,000. The purchase consideration of IGSB was based on the cost of investment of IASB in IGSB of RM1,800,000.

7. RELATED PARTY TRANSACTIONS/ CONFLICT OF INTEREST (Cont'd)

Acquisition of 60% IGSB by Our Company		
Name	Nature of Interest in Our Company	Nature of Interest in IGSB
IASB	-	Substantial shareholder
Dato' Low Eng Hock	Director and substantial shareholder	Director and substantial shareholder of IASB and IGSB
Ooi Choi Kiat	Director and substantial shareholder	Director and substantial shareholder of IASB
Dato' Seri Nazir Ariff Bin Mushir Ariff	Director and shareholder	Director of IGSB and shareholder of IASB and IGSB
Loh Chin Chuen	Director and shareholder	Director of IASB and IGSB
Dato' Mohamad Subky Bin Haji Abdul Raof	-	Director of IGSB

7.7 CONTRACTS OR ARRANGEMENTS IN WHICH OUR DIRECTORS AND/OR SUBSTANTIAL SHAREHOLDERS ARE INTERESTED AND WHICH IS SIGNIFICANT IN RELATION TO THE BUSINESS OF OUR GROUP

As at LPD, to the best of the knowledge and belief of our Directors, none of the Directors and/or substantial shareholders and/or key management of our Company and our subsidiaries, and/or persons connected to them has material interest, directly and indirectly in any contract or arrangement, which is significant in relation to the business of our Group and subsisting at the date of this Prospectus.

7.8 DECLARATION BY THE ADVISERS

AmInvestment Bank hereby confirms that there are no existing or potential conflicts of interest in its capacity as the Adviser, Managing Underwriter, Underwriter and Sole Placement Agent for the IPO.

Messrs Ong and Manecksha hereby confirms that there are no existing or potential conflicts of interest in their capacity as the Solicitors for the IPO.

Messrs KPMG hereby confirms that there are no existing or potential conflicts of interest in their capacity as the Auditors for our Company, IASB, IGSB, IUSB and the Reporting Accountants for the IPO.

Messrs KCK & Associates hereby confirms that there are no existing or potential conflicts of interest in their capacity as the Auditors for IMSB, ICSB and IVSB.

Messrs JB Lau & Associates hereby confirms that there are no existing or potential conflicts of interest in their capacity as the Auditors for ISSB, IPMSB, G&A, IISB, IFSB, ITSSB and Sunlink.

Vital Factor hereby confirms that there are no existing or potential conflicts of interest in its capacity as the Independent Business and Market Research Consultants for the IPO.

Henry Butcher Malaysia (Penang) Sdn Bhd hereby confirms that there are no existing or potential conflicts of interest in its capacity as the Independent Registered Valuers for the IPO.

Henry Butcher Malaysia (Seberang Perai) Sdn Bhd hereby confirms that there are no existing or potential conflicts of interest in its capacity as the Independent Registered Valuers for the IPO.

8. OTHER INFORMATION CONCERNING OUR COMPANY/ GROUP

8.1 INFORMATION ON LAND AND BUILDINGS

8.1.1 Properties Owned by Our Group

Details of the properties owned by Our Group are as follows:-

No.	Registered Owner/ Beneficial Owner	Postal Address/ Title Identification	Description/ Existing Use	Approximate Age of Building/ Tenure/ Approximate Land Area/ Approximate Built-up Area (square feet)	Date of Issuance of CF	Audited NBV @ 30 April 2008	Audited NBV @ 31 December 2009	Market Value/ Date of Valuation/ Method of Valuation	Revaluation Surplus/ (Deficit) as at 30 April 2008
1.	IASB ^(a)	3B-5-5, Tanjung Park Condominium, Persiaran Lengkuas Satu, 10470 Tanjung Tokong, Penang/ Geran 70645/ M1 Menara B/ 5/ 147, No. Bangunan M1 Menara B, No. Tingkat 5, No. Petak 147 and 276 Petak-petak Aksesori ^(b) , Geran 70645, No. Lot 1600, Seksyen 2, Bandar Tanjung Tokong, Daerah Timor Laut, Pulau Pinang	<ul style="list-style-type: none"> • 3-bedroom condominium/ Vacant; • Basement car park (consists of 139 car park bays), reading room and utility room/ Vacant; and • 17 individual car park bays and 255 storerooms/ 12 car park bays and 13 storerooms leased to 12 and 13 individual residents respectively for 99 years for premiums ranging from RM15,000 – RM22,500 and RM6,580 – RM9,100 respectively and the rest are vacant. 	7 years/ Freehold/ 80,634 comprised of the following:- <ul style="list-style-type: none"> • 3-bedroom condominium – 775; and • Accessory parcels – 79,859. 	07.11.2003	RM 2,807,256 ^{(c)(i)}	RM 2,710,516 ^{(c)(ii)}	3,500,000/ 30.04.2008/ Comparison Method and Investment Method	RM 692,744

8. OTHER INFORMATION CONCERNING OUR COMPANY/ GROUP (Cont'd)

Registered Owner/ Beneficial Owner No.	Postal Address/ Title Identification	Description/ Existing Use	Approximate Age of Building/ Tenure/ Approximate Land Area/ Approximate Built-up Area (square feet)	Date of Issuance of CF	Audited NBV @ 30 April 2008 RM	Audited NBV @ 31 December 2009 RM	Market Value/ Date of Valuation/ Method of Valuation RM	Revaluation Surplus/ (Deficit) as at 30 April 2008 RM
2.	ISSB No. 2-2-12A, Plaza Ivory, Halaman Bukit Gambir, 11700 Gelugor, Penang/ Geran Mukim 2608 (formerly known as Geran Mukim 1783, 1784, 1785, 1786, 1787, H.S.(M) 2169, 2170 and Geran Mukim 2338), No. Lot 10320 (formerly known as Lot Nos. 6628, 6629, 6630, 6631, 6632, PT 1794, PT 1795 and part of 231), 188 Petak- petak Aksesori ^(d) , Mukim 13, Sungai Dua, Daerah Timor Laut, Pulau Pinang	<ul style="list-style-type: none"> Level B1/ Tenanted as car park to Secure Parking (Northern Peninsula) Sdn Bhd^(e); Level B2, Level 1, accessory parcel at Level 2 and Level 4/ Vacant; Shoplot at Level 2/ Vacant; and Level 3/ Partly (Accessory Parcel Nos. A381, A379, A377, A378, A380 and A382) leased for 99 years to Phang Wai Keong, Koh Phaik Heah, Chuah Poay Chuan, Teoh Ewe Teik, Ng Peng Sun and Brenda Cheah respectively for premiums of RM15,000 each and the rest are vacant. 	6 years/ Freehold/ 31,496 comprised of the following:- <ul style="list-style-type: none"> Shoplot at Level 2 - 1,289; and Accessory parcels - 30,207. 	22.09.2004	1,807,995 ^{(f)(g)}	1,662,838 ^{(f)(g)}	3,400,000/ 30.04.2008/ Comparison Method and Investment Method	1,592,005

8. OTHER INFORMATION CONCERNING OUR COMPANY/ GROUP (Cont'd)

Registered Owner/ Beneficial Owner No. Owner	Postal Address/ Title Identification	Description/ Existing Use	Approximate Age of Building/ Tenure/ Approximate Land Area/ Approximate Built-up Area (square feet)	Date of Issuance of CF	Audited NBV @ 30 April 2008 RM	Audited NBV @ 31 December 2009 RM	Market Value/ Date of Valuation/ Method of Valuation RM	Revaluation Surplus/ (Deficit) as at 30 April 2008 RM
3. ISSB	No. 2-2-28, Plaza Ivory, Halaman Bukit Gambir, 11700 Gelugor, Penang/ Geran Mukim 2608 (formerly known as Geran Mukim 1783, 1784, 1785, 1786, 1787, H.S.(M) 2169, 2170 and Geran Mukim 2338), No. Lot 10320 (formerly known as Lot Nos. 6628, 6629, 6630, 6631, 6632, PT 1794, PT 1795 and part of 231), Mukim 13, Sungai Dua, Daerah Timor Laut, Pulau Pinang	Shoplot at Level 2/ Vacant	6 years/ Freehold/ -/ 340	22.09.2004	163,191 ^{(a)(i)}	157,602 ^{(a)(ii)}	170,000/ 30.04.2008/ Comparison Method and Investment Method	6,809
4. IASB ^(b)	No. 108-15-08, Seri Taman Tanjung, Persiaran Lengkua, 10470 Tanjung Tokong, Penang/ Geran 70643/ M1/ 15/ 214, No. Bangunan M1, No. Tingkat 15, No. Petak Petak Akesorori A2, A3, A4, A5, A6, A7, A39, A41, A47, A51, A52, A53, A57, A88 and A68, Geran 70643, No. Lot 1598, Seksyen 2, Bandar Tanjung Tokong, Daerah Timor Laut, Pulau Pinang	• 2-bedroom apartment/ Tenanted to Lee Boon Eng for a period of 1 year at RM600 per month; and • 14 car parks and 1 balcony ⁽ⁱ⁾ / 12 car parks leased for 99 years to 12 individual residents for premiums of RM10,000 each and the rest are vacant ⁽ⁱⁱ⁾ .	6.5 years/ Freehold/ -/ 2,692 comprised of the following:- • 2-bedroom apartment - 743 (inclusive of balcony of 33 square feet); and • Accessory parcels - 1,949.	29.08.2003	162,410 ^{(a)(i)}	151,310 ^{(a)(ii)}	230,000/ 30.04.2008/ Comparison Method and Investment Method	67,590

8. OTHER INFORMATION CONCERNING OUR COMPANY/ GROUP (Cont'd)

Registered Owner/ Beneficial Owner	Postal Address/ Title Identification	Description/ Existing Use	Approximate Age of Building/ Tenure/ Approximate Land Area/ Approximate Built-up Area (square feet)	Date of Issuance of CF	Audited NBV @ 30 April 2008	Audited NBV @ 31 December 2009	Market Value/ Date of Valuation/ Method of Valuation	Revaluation Surplus/ (Deficit) as at 30 April 2008
No.					RM	RM	RM	RM
5.	IASB ^(H) No. 108-B-01, Seri Tanjung, Persiaran Lengkuas, 10470 Tanjung Tokong, Penang/ Geran 70643/ M1/ B1/ 1, No. Bangunan M1, No. Tingkat B1, No. Tingkat 1, No. Petak-petak Aksesori A1, Geran 70643, No. Lot 1598, Seksyen 2, Bandar Tanjung Tokong, Daerah Timor Laut, Pulau Pinang	"Lock-up" shop at basement/ Vacant; and 80 car parks and 74 motorcycle parks/ Partly tenanted to Rajaratanam A/L Vathamuthu as storage for a period of 1 year at RM600 per month and the rest are vacant.	6.5 years/ Freehold/ -/ 32,098 comprised of the following:- • "Lock-up" shop - 1,259; and • Accessory parcels - 30,839.	29.08.2003	1,247,204 ^(H)	1,204,414 ^(H)	1,600,000/ 30.04.2008/ Comparison Method and Investment Method	352,796
6.	IGSB Nos. 4, 4A, 4B, 4C and 4D, 6, 6A, 6B, 6C and 6D, 8, 8A, 8B, 8C and 8D, Jalan Kampung Jawa Lama, 10150 Penang/ Geran 29375, 29376 and 29377, No. Lot 954, 955 and 956, Seksyen 10, Bandar Georgetown, Daerah Timor Laut, Pulau Pinang	3 units of 5-storey shophouses/ Our office	24 years/ Freehold/ 3,468/ 18,019 comprised of the following:- • Premises No. 4, 4A, 4B, 4C and 4D - 6,049; • Premises No. 6, 6A, 6B, 6C and 6D - 6,049; and • Premises No. 8, 8A, 8B, 8C and 8D - 5,921.	21.05.1986	4,253,711	4,319,909	4,200,000/ 30.04.2008/ Comparison Method and Investment Method	(53,711)

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8. OTHER INFORMATION CONCERNING OUR COMPANY/ GROUP (Cont'd)

Registered Owner/ Beneficial Owner No.	Postal Address/ Title Identification	Description/ Existing Use	Approximate Age of Building/ Tenure/ Approximate Land Area/ Approximate Built-up Area (square feet)	Date of Issuance of CF	Audited NBV @ 30 April 2008	Audited NBV @ 31 December 2009	Market Value/ Date of Valuation/ Method of Valuation	Revaluation Surplus/ (Deficit) as at 30 April 2008
					RM	RM	RM	RM
7.	No. 1-1-1, Plaza Ivory, Halaman Bukit Gambir, 11700 Penang/ Geran Mukim 2609/ M1/ 1/ 1, No. Bangunan M1, No. Tingkat 1, No. Petak 1, No. Petak Aksesoris A1, No. Lot 10321, Mukim 13, Daerah Timur Laut, Pulau Pinang	Shoplot at Level 1/ Tenanted to Sunlink for a period of 3 years at RM9,530 per month for the first year, RM11,436 per month for the second year and RM13,342 per month for the third year	6.5 years/ Freehold/ • Shoplot – 1,636; and • Accessory parcels – 872.	05.11.2004	743,925	718,940	1,500,000/ 30.04.2008/ Comparison Method and Investment Method	756,075
8.	No. 1-2-1, Plaza Ivory, Halaman Bukit Gambir, 11700 Penang/ Geran Mukim 2609/ M1/ 2/ 16, No. Bangunan M1, No. Tingkat 2, No. Petak 16, No. Lot 10321, Mukim 13, Daerah Timur Laut, Pulau Pinang	Shoplot at Level 2/ Tenanted to Asia Talk Sdn Bhd for a period of 1 year at RM2,900 per month	6.5 years/ Freehold/ 4,510	05.11.2004	1,287,388	1,243,718	1,350,000/ 30.04.2008/ Comparison Method and Investment Method	62,612
					12,473,080	12,169,247	15,950,000	(⁰)3,476,920

8. OTHER INFORMATION CONCERNING OUR COMPANY/ GROUP (Cont'd)

Notes:-

- (a) *Tanjong Tokong Garden Development Sdn Bhd as the vendor and IASB as:-*
- (i) *the purchaser/ beneficial owner in the Sale and Purchase Agreement and Supplemental Agreement dated 10 December 2003 respectively; and*
 - (ii) *the contractor and purchaser/ beneficial owner in the Renovation cum Car Park Agreement dated 10 December 2003.*

According to the abovementioned agreements, accessory parcels are to be attached to the said property comprising one car park and one designated area. Based on the strata title, there are 276 accessory parcels accessorised to the said property as a result of the subdivision of the car park floors.

On 4 June 2009, IASB has been registered as the registered owner for the property.

- (b) *Accessory Parcel Nos. A1, A2, A5 – A12, A14 – A22, A25 – A28, A30, A34, A35, A37 – A39, A43 – A45, A49, A52 – A56, A59 – A65, A68, A69, A71 – A82, A86 – A95, A106 – A110, A117, A118, A166, A167, A274 – A277, A279, A284, A287, A288, A290, A291, A293 – A302, A305 – A308, A310, A312, A314 – A325, A327 – A 338, A340 – A347, A351, A352, A354 – A357, A359 – A374, A376 – A380, A382, A383, A386 – A389, A391, A392, A395, A396, A401, A405 – A408, A411 – A417, A419, A420, A422 – A440, A442, A454, A455, A460, A467, A622 – A626, A630 – A635, A637, A639 – A645, A647, A648, A653, A655, A656, A658, A660, A664, A666 – A668, A670 – A674, A676 – A702, A709, A710 and A891.*
- (c) *(i) The audited net book value of RM2,807,256 comprised of:-*
- (aa) *RM243,612 comprising the consideration paid of RM266,000 pursuant to a Sale and Purchase Agreement dated 10 December 2003 as disclosed in Section 8.1.1, Note (b)(i) above less depreciation of RM22,388; and*
 - (bb) *a Renovation cum Car Park Agreement dated 10 December 2003 as disclosed in Section 8.1.1, Note (b)(ii) above and the construction cost of RM2,563,644 (after netting depreciation of RM72,556).*
- (ii) The audited net book value of RM2,710,516 comprised of:-*
- (aa) *RM234,745 comprising the consideration paid of RM266,000 pursuant to a Sale and Purchase Agreement dated 10 December 2003 as disclosed in Section 8.1.1, Note (b)(i) above less depreciation of RM31,255; and*
 - (bb) *a Renovation cum Car Park Agreement dated 10 December 2003 as disclosed in Section 8.1.1, Note (b)(ii) above and the construction cost of RM2,475,771 (after netting depreciation of RM160,429).*
- (d) *Accessory Parcel Nos. A16, A51, A59 – A62, A67 – A68, A73, A77 – A78, A82 – A83, A95, A100 – A102, A108 – A109, A114 – A115, A117 – A123, A133 – A139, A149, A154 – A155, A157 – A268, A275 – A290, A302, A376 – A381, A387, A482 and A522.*
- (e) *Tenanted to Secure Parking (Northern Peninsula) Sdn Bhd for a period of 3 years for a base rental of RM9,000 per month and in the event that the gross car park revenue after deducting 5% service tax exceeds RM22,000 per month, the tenant shall pay ISSB a sum equivalent to 70% of the monthly gross car park revenue after deducting 5% service tax in excess of RM22,000.*
- (f) *(i) The audited net book value of RM1,807,995 (after netting depreciation of RM49,610) comprised of construction cost of accessory parcels.*
- (ii) The audited net book value of RM1,662,838 (after netting depreciation of RM105,488) comprised of construction cost of accessory parcels.*
- (g) *(i) The audited net book value of RM163,191 (after netting depreciation of RM4,471) comprised of construction cost of accessory parcels.*
- (ii) The audited net book value of RM157,602 (after netting depreciation of RM10,060) comprised of construction cost of accessory parcels.*
- (h) *Sale and Purchase Agreement dated 20 November 2002 between Tanjong Tokong Garden Development Sdn Bhd as the vendor and IASB as the purchaser/ beneficial owner.*

The transfer of the property to IASB was presented for registration at the Land Office/ Registry on 10 June 2009.

8. OTHER INFORMATION CONCERNING OUR COMPANY/ GROUP (Cont'd)

- (i) *The 12 leased out car parks' freehold reversionary interest and the balcony which is a small 3m² balcony are expected to have insignificant market value and are disregarded for revaluation by the valuers.*
- (j) (i) *The audited net book value of RM162,410 comprised of:-*
(aa) *RM118,842 comprising consideration paid of RM130,000 pursuant to a Sale and Purchase Agreement dated 20 November 2002 as disclosed in Section 8.1.1, Note (i) above less depreciation of RM11,158; and*
(bb) *the construction cost of RM43,568 (after netting depreciation of RM1,232).*
- (ii) *The audited net book value of RM151,310 comprised of:-*
(aa) *RM114,508 comprising consideration paid of RM130,000 pursuant to a Sale and Purchase Agreement dated 20 November 2002 as disclosed in Section 8.1.1, Note (i) above less depreciation of RM15,492; and*
(bb) *the construction cost of RM36,802 (after netting depreciation of RM2,398).*
- (k) *Sale and Purchase Agreement dated 29 August 2003 between Tanjong Tokong Garden Development Sdn Bhd as the vendor and IASB as the purchaser/ beneficial owner.*

The transfer of the property to IASB was presented for registration at the Land Office/ Registry on 4 June 2009.
- (l) *Compensated by Tanjong Tokong Garden Development Sdn Bhd to IASB pursuant to a Sale and Purchase Agreement dated 29 August 2003 as disclosed in Section 8.1.1, Note (l) above. The audited net book value comprised of net book value of accessory parcels attached to the property.*
- (m) *Two (2) separate Sale and Purchase Agreements dated 17 July 2002 for each property between ISSB as the vendor and IASB as the purchaser/ beneficial owner.*
- (n) *The net revaluation surplus totalling approximately RM2.58 million (the total revaluation surplus of approximately RM3.48 million as shown above and after netting deferred taxation of approximately RM0.90 million) based on the valuation carried out on 30 April 2008 have not and will not be incorporated in the financial statements of the respective companies in our Group to be consistent with the Merger Method of Accounting adopted.*

Please refer to Section 12 of this Prospectus for the Valuation Certificate from Henry Butcher Malaysia (Penang) Sdn Bhd in relation to the valuation of the properties.

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8. OTHER INFORMATION CONCERNING OUR COMPANY/ GROUP (Cont'd)

8.1.2 Properties Held for Development

The properties which are held for development activities by our Group are as follows:-

No.	Registered Owner/ Beneficial Owner/ Owner/ Project	Postal Address/ Title Identification	Description/ Existing Use	Approximate Age of Building/ Tenure/ Approximate Built-up Area (square feet)	Date of Issuance of CF	Audited NBV @ 30 April 2008 RM	Audited NBV @ 31 December 2009 RM	Market Value/ Date of Valuation/ Method of Valuation RM	Revaluation Surplus/ (Deficit) as at 30 April 2008 RM
(i)	<u>On-Going Development Properties (Owned by Our Group)</u>								
1.	IGSB ^{(e)(b)} / Penang Times Square	-/ Lot No. PT 25 ^(e) , Section 10, Town of Georgetown, North East District, Penang/	<ul style="list-style-type: none"> Development land/ On-going mixed development project, identified as "Penang Times Square" comprising retail, condominium, office and hotel; and Premise No. 73, Jalan Dato Keramat, 10150 Penang is erected on part of Lot Nos. 751 and 752 (known as the "Birch House") – Double-storey detached building/ Occupied by Ivory. 	Birch House – 100 years/ Freehold/ Development land – 566,711 ^(e) / Birch House – 16,555	^(d)	110,852,656	120,620,883	200,000,000/ 30.04.2008/ Residual Method and Comparison Method	89,147,344
						110,852,656	120,620,883	200,000,000	^(e) 89,147,344

8. OTHER INFORMATION CONCERNING OUR COMPANY/ GROUP (Cont'd)

Notes:-

- (a) IGSB is the registered proprietor for Lot Nos. 73, 96, 98, 101, 102, 145, 146, 150, 159, 160, 163, 278, 279, 735, 736, 737, 738, 739, 740, 741, 742, 743, 744, 745, 746, 747, 748, 749, 750, 751, 752, 753 & 767 ("Lots").
- (b) Foo Kay Seong, Foo Sing Tatt, Foo Thee Shing @ Oh Teh Seng, Foo Yee Fong @ Woo Wai Mung, Foo Yoke Boon, Oh Chin Kong, Oh Kang Seng @ Foo Kung Shing, Oh Meow Leong, Oh Yew Khee, Oh Yong Tatt and Woo Seng Seong (all as Trustee 1) are the Registered Proprietors for Lot No. 766.

Sale and Purchase Agreement dated 28 April 2006 between Foo Sing Tatt, Oh Meow Leong, Foo Kay Seong and Oh Yong Tatt (all as Trustees for Seh Foo Kongs Ann Teng Tong) as the vendors and IGSB as the purchaser for the purchase of Lot No. 766.

On 5 April 2007, IGSB has presented a registration for the transfer of Lot No. 766 in IGSB's favour.

On 23 October 2007, IGSB has been registered as the Registered Proprietors for Lot 766.

- (c) The Geran for the respective lots are as follows:-

Geran	32808	32809	32297	32810	32811	34075	32298	32812	57489
No. Lot	73	96	98	101	102	145	146	150	159

Geran	57490	32299	52077	52078	32813	32300	32301	32814	34673
No. Lot	160	163	278	279	735	736	737	738	739

Geran	32815	34674	32302	32816	32303	32817	32818	32819	32820
No. Lot	740	741	742	743	744	745	746	747	748

Geran	32821	32822	32823	32824	32825	40669	32826
No. Lot	749	750	751	752	753	766	767

Seksyen 10, Bandar Georgetown, Daerah Timor Laut, Pulau Pinang.

The Lot Nos. 73, 96, 98, 101, 102, 145, 146, 150, 159, 160, 163, 278, 279, 735, 736, 737, 738, 739, 740, 741, 742, 743, 744, 745, 746, 747, 748, 749, 750, 751, 752, 753, 766 and 767 have been surrendered and realienated into a Lot No. PT 25 with the Grant No. H.S.(D) 16561 registered and issued on 15 August 2009.

Pursuant to the Grant No. H.S.(D) 16561, the provisional land area for Lot No. PT 25 is 519,143 square feet.

- (d) The Birch House does not have certificate of fitness for occupation as it is a pre-war building which has been restored and renovated by IGSB. The MPPP has approved the renovation of the Birch House in its letter dated 15 September 2005. In addition, the MPPP has via its letter dated 18 May 2006 expressed its appreciation to IGSB for maintaining and restoring the Birch House building.
- (e) The net revaluation surplus totalling approximately RM65.97 million (the total revaluation surplus of approximately RM89.15 million as shown above and after netting deferred taxation of approximately RM23.18 million) based on the valuation carried out on 30 April 2008 have not and will not be incorporated in the financial statements of the respective companies in our Group to be consistent with the Merger Method of Accounting adopted.

Please refer to Section 12 of this Prospectus for the Valuation Certificate from Henry Butcher Malaysia (Penang) Sdn Bhd in relation to the valuation of the properties.

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8. OTHER INFORMATION CONCERNING OUR COMPANY/ GROUP (Cont'd)

Registered Owner/ Beneficial Owner/ Project No.	Postal Address/ Title Identification	Description/ Existing Use	Approximate Age of Building/ Tenure/ Approximate Land Area/ Approximate Built-up Area (square feet)	Date of Issuance of CF	Audited NBV @ 30 April 2008	Audited NBV @ 31 December 2009	Market Value/ Date of Valuation/ Method of Valuation	Revaluation Surplus/ (Deficit) as at 30 April 2008
(ii)								
<u>On-Going Development Properties (Joint Venture)</u>								
1. Lim Soon Hin and Lim Soon Vin/ Moonlight Bay	Lots 35 and 89, Seksyen 2, Daerah Timor Laut, Bandar Batu Feringgi, Pulau Pinang/ Geran 10283 and 10285, Seksyen 2, Daerah Timor Laut, Bandar Batu Feringgi, Pulau Pinang	Development land/ Vacant	-/ Freehold/ 599,216/ -	-	*	*	*	-
2. Alam Harmoni Sdn Bhd/ Island Resort	Lots 342, 346, 347, 348, 349, 350, 351 & 353, Section 2, Town of North East District, Batu Feringgi, Penang/ Geran 10307, 10308, 10309, 10310, 10311, 10312, 10313 and 10314, Seksyen 2, Daerah Timor Laut, Bandar Batu Feringgi, Pulau Pinang	Development land/ Vacant	-/ Freehold/ 880,374/ -	-	*	*	*	-
3. Arah Pelangi Sdn Bhd/ Aston Villa - Phase 2 and Phase 4	Lots 405, 413, 417 & 715, Section 4, District of Seberang Perai Tengah, Town of Bukit Mertajam, Penang/ Geran 26070, 40853, 26071 and 55204, Seksyen 4, Daerah Seberang Perai Tengah, Bandar Bukit Mertajam, Pulau Pinang	Development land/ Vacant	-/ Freehold/ 482,504/ -	-	*	*	*	-

Note:-

* Developments under joint ventures and no revaluations are carried out on these properties as they are not owned by our Group. There are no NBV as at 30 April 2008 and 31 December 2009.

8. OTHER INFORMATION CONCERNING OUR COMPANY/ GROUP (Cont'd)

Registered Owner/ Beneficial Owner/ No.	Postal Address/ Title Identification	Description/ Existing Use	Approximate Age of Building/ Tenure/ Approximate Land Area/ Approximate Built-up Area (square feet)	Date of Issuance of CF	Audited NBV @ 30 April 2008 RM	Audited NBV @ 31 December 2009 RM	Market Value/ Date of Valuation/ Method of Valuation RM	Revaluation Surplus/ (Deficit) as at 30 April 2008 RM
(iii) <u>Future Development Properties (Owned by our Group)</u>								
1.	<ul style="list-style-type: none"> IASB for Lot Aston (now known as Nos. 654, 655, Jalan Che Bee Noor), Bukit Mertajam, Lot Nos. 654, 655, 656, 657 and 658; and ISSB for Lot Seberang Perai Tengah, Pulau Pinang/ 	Development land/ Vacant as at the date of the Valuation Report	-/ Freehold/ 9,039/	-	2,666,318	2,754,155	830,000	(1,836,318)
2.	<ul style="list-style-type: none"> Aston Villa - Geran 26094, 26095, 26096, Phase 1 and 40889, 49157 and 40917, Phase 3 Sekyem 4, Bandar Bukit Mertajam, Seberang Perai Tengah, Pulau Pinang IASB/ Ivory Eco Park @ Tanjung Malim Lots 17824, 3448, 3449, 3451, 3455, 3456, 17822, 17823, 3477 and 4426, Mukim Hulu Bernam Timur, Daerah Batang Padang, Perak/ GM 2565, Geran Nos. 1002, 1003, 1005, 1009, 1010, 82900, 82901, 1031 and 1072, all of Mukim Hulu Bernam Timur, Daerah Batang Padang, Negeri Perak 	Development land/ Vacant	-/ Freehold/ 21,675,738/	-	(b)	26,276,890	(b)	-
Total					8,528,419	35,240,835	11,930,000	(b) 3,401,581

8. OTHER INFORMATION CONCERNING OUR COMPANY/ GROUP (Cont'd)

Notes:-

- (a) *The title was transferred from Koh Hua Peng, Koh Hwa Cheah and Koh Hwa Weng (1/ 3 share each) to ISSB on 10 April 2007.*
- (b) *Pursuant to a Development Agreement dated 15 February 2007 between Mawar Hebat Sdn Bhd as the land owner and IASB as the developer, the parties have agreed that the total selling price of the landowner's units in the proposed development shall not be less than RM25,000,000 ("Minimum Sum"). 10% of the Minimum Sum has been paid by IASB to the landowner upon the signing of the Development Agreement as security deposit. Prior to the sale of the landowner's units, the landowner is entitled to request for IASB to pay the balance of the Minimum Sum. The landowner has exercised its right to request for payment and IASB has accordingly paid the balance of the Minimum Sum to the landowner and pursuant thereto, the land was transferred to IASB and the landowner has relinquished all rights and interest in the land and the proposed development. The transfer of Geran Nos. 1002, 1003, 1005, 1009, 1010, 82900, 82901, 1031 and 1072 was presented for registration at the Land Office/ Registry on 24 December 2008 and the Transfer of GM 2565 was presented for registration at the Land Office/ Registry on 9 January 2009.*
- No audited net book value as at 30 April 2008 nor revaluation being conducted on the said land as the said transfers were presented for registration on 24 December 2008 and 9 January 2009.*
- (c) *The net revaluation surplus totalling approximately RM2.52 million (the total revaluation surplus of approximately RM3.40 million as shown above and after netting deferred taxation of approximately RM0.88 million) based on the valuation carried out on 30 April 2008 have not and will not be incorporated in the financial statements of the respective companies in our Group to be consistent with the Merger Method of Accounting adopted.*

Please refer to Section 12 of this Prospectus for the Valuation Certificate from Henry Butcher Malaysia (Seberang Perai) Sdn Bhd in relation to the valuation of the properties.

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Company No: 673211-M

8. OTHER INFORMATION CONCERNING OUR COMPANY/ GROUP (Cont'd)

Registered Owner/ Beneficial Owner/ Project No.	Postal Address/ Title Identification	Description/ Existing Use	Approximate Age of Building/ Tenure/ Approximate Land Area/ Approximate Built-up Area (square feet)	Date of Issuance of CF	Audited NBV @ 30 April 2008	Audited NBV @ 31 December 2009	Market Value/ Date of Valuation	Revaluation Surplus/ (Deficit) as at 30 April 2008
					RM	RM	RM	RM
(iv) <u>Future Development Properties (Joint Venture)</u>								
1. Tanjung Tokong Garden Development Sdn Bhd/ City Mall	Lot 1599, Seksyen 2, Bandar Tanjung Tokong, Daerah Timor Laut, Pulau Pinang/ Geran 70644, Daerah Timor Laut, Bandar Tanjung Tokong, Pulau Pinang	Development land/ Vacant	-/ Freehold/ 98,307/	-	*	*	*	-
2. Gewaris Sdn Bhd (In Liquidation)/ Mount Erskine Development	Lot Nos 141, 3622, 3624, 3625 and 3626, Mukim Erskine, District of North East, Pulau Pinang/ Geran 12342, 23, 20, 21 and 22, Mukim 18, Mt Erskine, Tg Tokong, Daerah Timur Laut, Pulau Pinang	Development Land/ Vacant	-/ Freehold/ 1,033,958/	-	*	*	*	-

Note:-

* Developments under joint ventures and no revaluations are carried out on these properties as they are not owned by our Group. There are no NBV as at 30 April 2008 and 31 December 2009.

8. OTHER INFORMATION CONCERNING OUR COMPANY/ GROUP (Cont'd)

Save as disclosed in Sections 8.1.1 and 8.1.2 of this Prospectus, in respect of the properties of our Group, the Directors of our Company have confirmed that:-

- (i) Save as disclosed below, there are no other restrictions in interest or encumbrances:-
 - (a) IASB has created a legal charge dated 28 December 2009 in favour of Alam Harmoni Sdn Bhd ("**Alam Harmoni**") over a retail shop bearing particulars Parcel No. 01, Floor No. B, Block A, with assessment address 108-B-01, Seri Taman Tanjung, Persiaran Lengkuas, 10470 Tanjung Tokong, Penang held under Hakmilik Strata No. Berdaftar Geran 70643/ M1/ B1/ 1, and Petak Aksesori No. A1, Lot No. 1598, Bandar Tanjung Tokong, Seksyen 2, Daerah Timur Laut, Penang to secure all sums, up to RM1,550,000, which may be owing by ICSB to Alam Harmoni pursuant to the Supplemental Agreement dated 18 August 2009 (as disclosed in Section 15.5, item (xvi) of this Prospectus) in relation to the Island Resort project.
 - (b) IASB has created a legal charge dated 28 December 2009 in favour of Alam Harmoni over a condominium bearing particulars Parcel No. 05, Floor No. 05, Block G, bearing assessment address 3B-05-05, Tanjung Park Condominium, Persiaran Lengkuas Satu, 10470 Tanjung Tokong, Penang held under Hakmilik Strata No. Berdaftar Geran 70645/ M1/ Menara B/ 5/ 147, and Petak Aksesori Nos. A1, A2, A5 - A12, A14 - A22, A25 - A28, A30, A34, A35, A37 - A39, A43 - A45, A49, A52 - A56, A59 - A65, A68, A69, A71 - A82, A86 - A95, A106, A107, A108 - A110, A117, A118, A166, A167, A274 - A277, A279, A284, A287, A288, A290, A291, A293 - A302, A305 - A308, A310, A312, A314 - A325, A327 - A338, A340 - A347, A351, A352, A354 - A357, A359 - A374, A376 - A380, A382, A383, A386 - A389, A391, A392, A395, A396, A401, A405 - A408, A411 - A417, A419, A420, A422 - A440, A442, A454, A455, A460, A467, A622 - A626, A630 - A635, A637, A639 - A645, A647, A648, A653, A655, A656, A658, A660, A664, A666 - A668, A670 - A674, A676 - A702, A709, A710, A891, Lot No. 1600, Bandar Tanjung Tokong, Seksyen 2, Daerah Timur Laut, Penang to secure all sums, up to RM3,526,000, which may be owing by ICSB to Alam Harmoni pursuant to the Supplemental Agreement dated 18 August 2009 (as disclosed in Section 15.5, item (xvi) of this Prospectus) in relation to the Island Resort project.
 - (c) ISSB has pursuant to a Deed of Assignment dated 28 December 2009 assigned to Alam Harmoni a retail shop bearing particulars RS-2-01, Parcel No. 01, Floor 2, Block RS, University Place bearing assessment address of 2-2-12A, Plaza Ivory Retail, Halaman Bukit Gambir, 11700 Gelugor, Penang to secure all sums, up to RM3,260,000, which may be owing by ICSB to Alam Harmoni pursuant to the Supplemental Agreement dated 18 August 2009 (as disclosed in Section 15.5, item (xvi) of this Prospectus) in relation to the Island Resort project.
- (ii) The existing use on all land is in accordance with land use conditions/ permissible land use;
- (iii) The buildings are in compliance with relevant land use and building regulations;

8. OTHER INFORMATION CONCERNING OUR COMPANY/ GROUP (Cont'd)

- (iv) The buildings are in compliance with the express conditions attached; and
- (v) All the buildings have been issued with a CF.

8.2 ACQUISITIONS OF PROPERTIES

Save as disclosed below, there are no other properties as set out in Section 8.1 of this Prospectus which were acquired during the past two (2) years preceding the date of this Prospectus.

Registered Owner/ Location/ Type of Property	Date of Transaction	Prices Paid RM
IASB/ GM 2565, Geran Nos. 1002, 1003, 1005, 1009, 1010, 82900, 82901, 1031 and 1072, all of Mukim Hulu Bernam Timur, Daerah Batang Padang, Negeri Perak/ Development land for residential and commercial use	The transfer of Geran Nos. 1002, 1003, 1005, 1009, 1010, 82900, 82901, 1031 and 1072 was presented for registration at the Land Office/ Registry on 24 December 2008 and the Transfer of GM 2565 was presented for registration at the Land Office/ Registry on 9 January 2009	25,000,000
Total		25,000,000

Please refer to note (d) of Section 8.1.2(iii) of this Prospectus for further details.

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9. PROPERTY DEVELOPMENT PROJECTS OF OUR GROUP

9.1 COMPLETED PROPERTY DEVELOPMENT PROJECTS

As at LPD, our Group has successfully completed the following property development projects:-

Project Name	Location	Developer	Type of Development	Total Units Launched	Total Units Sold	Average Length of Time Taken to Complete Each Phase Years	GDV RM'000	Unit Price Range RM'000	Month/ Year Commencement	Month/ Year Completed
<i>By Subsidiaries</i> Plaza Ivory and Palace Hill	Jalan Bukit Gambier, Penang	ISSB	Condominium, semi-detached/ bungalows, commercial-shop lots and retail	406	400	3	125,702	<ul style="list-style-type: none"> • 151 – 585 (Condominium); • 739 – 2,164 (Semi-detached/ bungalows); • 154 – 1,116 (Commercial-shop lots); and • 155 – 2,579 (Retail). 	November 2001	September 2004
Penang Times Square Phase 1	Georgetown, Penang	IGSB	Condominium, Commercial Shopping Complex*	620	572	3	325,810	<ul style="list-style-type: none"> • 223 – 808 (Condominium); and • 210 – 4,550 (Commercial). 	October 2005	December 2008
<i>Joint Development</i> Tanjung Park	Tanjung Tokong, Penang	Tanjung Tokong Garden Development Sdn Bhd/ IASB	Condominium and townhouse	299	291	3	104,430	<ul style="list-style-type: none"> • 180 – 1,183 (Condominium); and • 656 – 1,052 (Townhouse). 	December 2000	October 2003
Seri Taman Tanjung	Tanjung Tokong, Penang	Tanjung Tokong Garden Development Sdn Bhd/ IASB	Apartment	228	228	3	10,413	35 - 135	December 2000	August 2003
The View Twin Towers	Batu Uban, Penang	IASB/ IVSB	Condominium	164	153	2	109,263	463 – 1,600	February 2005	December 2006

Note:-

* Please refer to Section 9.2, note (b), for further details on the types of development of Phase 1.

The completed projects comprising a total of approximately 1,717 units of various types of properties were developed on about a total of 24.8 acres of land with total GDV of approximately RM675.62 million.

9. PROPERTY DEVELOPMENT PROJECTS OF OUR GROUP

9.2 ON-GOING PROPERTY DEVELOPMENT PROJECTS

As at LPD, our Group is currently developing the following property development projects:-

Project Name/ Land Owner(s)	Location	Developer	Type of Development/ Phase	Total Units for Sale	Total Units Sold	Estimated GDV RM'000	Unit Price Range RM'000	Year of Commencement	Year of Expected Completion
<u>By Subsidiaries</u> Penang Times Square/ IGSB	Lot No. PT 25 ^(e) , Section 10, Town of Georgetown, North East District, Penang	IGSB	Condominium and commercial-shopping complex/ Phase 2 ^{(b)(e)}	518	431	307,406	<ul style="list-style-type: none"> • 234 – 768 (Condominium); and • 255 – 8,400 (Commercial – shopping lot). 	2007	2011
Moonlight Bay/ Lim Soon Hin and Lim Soon Vin	Lots 35 and 89, Seksyen 2, Daerah Timur Laut, Bandar Batu Feringgi, Pulau Pinang	IMSB	Villas and condominium (condo- villas) ^(d)	90	56	189,958	<ul style="list-style-type: none"> • 1,451 – 4,122 (Bungalows); and • 974 – 1,329 (Condominium). 	2007	2010
<u>Joint Development</u> Zen @ The View/ IVSB	No. PT 2332, 2333, 2334, 2335, 2336, 2337 and 2338, Mukim 13, Batu Uban, Daerah Timur Laut, Pulau Pinang	IASB/ IVSB	Bungalows/ ^(e)	7	1	15,324	1,662 – 3,000	^(e)	^(e)
Island Resort/ Aram Harmoni Sdn Bhd	Lots 342, 346, 347, 348, 349, 350, 351 and 353, Section 2, Town of North East District, Batu Feringgi, Penang	IASB/ ICSB	<ul style="list-style-type: none"> • Clubhouse/ Phase 1^(f); • Condominium and resort villas/ Phase 2^(f), and • Bungalows/ Phase 3^(f) 	303	168	259,034	<ul style="list-style-type: none"> • 267 – 1,619 (Condominium); • 2,150 onwards (Resort villas); and • 2,388 onwards (Bungalow). 	2009 ^(f)	2013
Aston Villa/ Arah Pelangi Sdn Bhd	Lots 405, 413, 417 & 715, Section 4, District of Seberang Perai Tengah, Town of Bukit Mentajam, Penang	Arah Pelangi Sdn Bhd/ IASB	<ul style="list-style-type: none"> • Landed residential/ Phase 4^(g); and • Shop lots/ Phase 2^(g). 	100	35	62,364	<ul style="list-style-type: none"> • 389 – 952 (Landed residential); and • 818 – 1,002 (Shop lots). 	2009	2012

9. PROPERTY DEVELOPMENT PROJECTS OF OUR GROUP (Cont'd)

Notes:-

- (a) The Lot Nos. 73, 96, 98, 101, 102, 145, 146, 150, 159, 160, 163, 278, 279, 735, 736, 737, 738, 739, 740, 741, 742, 743, 744, 745, 746, 747, 748, 749, 750, 751, 752, 753, 766 and 767 have been surrendered and realienated into a Lot No. PT 25 with the Grant No. H.S.(D) 16561 registered and issued on 15 August 2009.
- (b) IGSB has obtained the amended planning and building plans approvals via MPPP's letters dated 27 September 2007, 21 February 2008, 21 February 2009 and 9 July 2009 for the following types of development:-
- (i) 620 units comprising 417 units of condominium and 203 units of commercial shopping lot for Phase 1 which have been completed in 2008 as disclosed in Section 9.1 of this Prospectus;
 - (ii) 518 units comprising 359 units of condominium and 159 units of commercial shopping lot for Phase 2;
 - (iii) 1 block of 11-storey podium with commercial space for 1st to 5th floors and car park space for 6th to 9th floors for Phase 1;
 - (iv) 1 block of 11-storey podium with commercial space for 1st to 4th floors and car park space for 5th to 9th floors for Phase 2;
 - (v) 2-storey basement for car park and commercial space encompassing Phase 2 and Phase 3; and
 - (vi) (iii), (iv) and (v) are linked to Phase 3 as disclosed in Section 9.3, note (b)(ii) and (iii).

The revaluation carried out by the Independent Registered Valuers, Messrs Henry Butcher Malaysia (Penang) Sdn Bhd on the property was based on the abovementioned approved plans and for the purposes of the revaluation, the valuers have made the assumptions that the Phase 2 of Penang Times Square project will be completed within 3 years (i.e. by 2011).

- (c) Further to Section 9.2, note (b) above, IGSB has submitted amended planning and building plan to MPPP on 24 September 2009 for the types of development as tabulated in the table of the on-going property development projects as set out below:-
- (i) an additional 1-storey increase in the podium from 11-storey to 12-storey with additional car park at level 10;
 - (ii) to amend the commercial space to vacant space at basement 1; and
 - (iii) to amend the car park space to commercial space at basement 2.

The MPPP's approval for the abovementioned amended planning and building plan is pending and the expected commencement and completion of the Penang Times Square - Phase 2 project are as tabulated in the table above on the on-going property development projects.

- (d) IMSB has obtained the latest amended planning and building plan approval via MPPP's letters dated 31 January 2008, 31 January 2009, 21 May 2009 and 5 May 2010 respectively for the development of 70 units of villa and 20 units of condo-villa.
- (e) No applicable timing as the bungalows will only be built upon sale being made for the individual units together with the designated land areas as the bungalows are customised bungalow development project.
- (f) ICSB has obtained planning and building plan approval via MPPP's letters dated 5 October 2006, 5 October 2007 and 9 April 2007 for the following types of development:-
- (i) 262 units of condominium and 15 units of resort villa for Phase 2;
 - (ii) 19 units of bungalow and 6 units of semi detached house for Phase 3; and
 - (iii) 1 block of 5-storey club house.

ICSB has submitted an amended planning and building plan to MPPP on 4 July 2008 for the following types of development:-

- (i) 266 units of condominium and 15 units of resort villa for Phase 2;
- (ii) 22 units of bungalow for Phase 3; and
- (iii) 1 block of 5-storey club house.

The above amended planning and building plan is pending MPPP's approval.

On 19 October 2009, ICSB has further submitted an amended planning and building plan for the types of development as tabulated in the table above on the on-going property development projects. ICSB has obtained the amended planning approval via MPPP's letter dated 6 April 2010 whilst the building plan is pending MPPP's approval.

ICSB commenced construction of the clubhouse in 2007 whilst the construction of the condominium commenced in 2009.

9. PROPERTY DEVELOPMENT PROJECTS OF OUR GROUP (Cont'd)

- (g) IASB has obtained the planning and building plans approval via MPSP's letters dated 18 April 2008, 18 April 2009, 30 January 2008, 7 November 2008, 27 March 2009, 13 August 2009 and 11 December 2009 for the following types of development:-
- (i) 12 units of 4-storey shop office for Phase 2; and
 - (ii) 47 units of 3-storey terrace house, 38 units of 3-storey semi-detached and 2 units of 3-storey bungalow for Phase 4.

IASB has submitted an amended planning and building plan on 23 January 2009 for the following types of development as tabulated in the table above on the on-going property development projects:-

- (i) 12 units of 4-storey shop offices for Phase 2; and
- (ii) 47 units of 3-storey terrace houses, 40 units of 3-storey semi-detached houses and 1 units of 3-storey bungalows for Phase 4.

The amended planning and building plan is pending MPSP's approval.

The on-going projects comprising a total of approximately 1,018 units of various types of properties will be developed on a total of approximately 48.93 acres of land.

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9. PROPERTY DEVELOPMENT PROJECTS OF OUR GROUP (Cont'd)

9.3 FUTURE PROPERTY DEVELOPMENT PROJECTS

As at LPD, the intended future property development projects are as follows:-

Project Name/ Land Owner(s)	Location	Developer	Approximate Land Area Acre	Type Development/ Phase	Total Projected Units	Forecasted/ Projected GDV RM'000	Unit Price Range RM'000		Expected Year of Commencement	Expected Year of Completion
<u>By Subsidiaries</u> Penang Square/ IGSB	Lot No. PT 25 ^(a) , Section 10, Town of Georgetown, North East District, Penang	IGSB	3.4	Condominium, commercial-shopping complex and convention centre – Phase 3 ^{(b)(c)}	200	469,925	784 (Condominium)	onwards	2011	2014
Penang Square/ IGSB	Lot No. PT 25 ^(a) , Section 10, Town of Georgetown, North East District, Penang	IGSB	2.5	Hotel and commercial retail – Phase 4 ^{(b)(c)}	Not applicable	154,950	Not applicable		2012	2015
Aston Villa/ • IASB for Lot Nos. 654, 655, 656, 657 and 658; and	Lot Nos. 654, 655, 656, 657 and 658, Section 4, Town of Bukit Mertajam, Seberang Perai Tengah, Pulau Pinang; and	IASB	4.9	Shop lots – Phase 1 ^(d)	1	1,936	1,936		2012	2015
• ISSB for Lot No. 721	Lot Nos. 721, Section 4, Town of Bukit Mertajam, Seberang Perai Tengah, Pulau Pinang	IASB		Commercial retail – Phase 3 ^(d)	94	45,720	149 – 6,687		2012	2015

9. PROPERTY DEVELOPMENT PROJECTS OF OUR GROUP (Cont'd)

Project Name/ Land Owner(s)	Location	Developer	Approximate Land Area Acre	Type Development/ Phase	of Projected Units	Forecasted/ Projected GDV RM'000	Unit Price Range RM'000		Expected Year of Commencement	Expected Year of Completion
Ivory Eco Park @ Tanjung Malim/ IASB	Lot 17824, 3448, 3449, 3451, 3455, 3456, 17822, 17823, 3477 and 4426, Mukim Hulu Bernam Timur, Daerah Batang Padang, Perak	IASB	488	Landed residential, shop lots, club house, commercial parcels, hypermarket and land parcels ^(a)	1,332	420,000	• 130 – 380 (Landed residential); and • 280 onwards (Shop lots).		2013	2018
<u>Joint Development</u> Mount Erskine Development/ Gewaris Sdn Bhd (In liquidation)	Lot 141, 3622, 3624, 3625, 3626, Mt Erskine, Tanjung Tokong, Daerah Timor Laut, Mukim 18, Penang	IASB/ IVSB	24	Apartments/ Condominium and commercial shop lots ^(b)	1,503	416,513	• 73 – 118 (Apartments); • 253 onwards (Condominium); and • 532 onwards (Commercial shop lots).		2010	2015
City Mall/ Tanjung Tokong Garden Development Sdn Bhd	Lot 1599, Seksyen 2, Bandar Tanjung Tokong, Daerah Timor Laut, Pulau Pinang	IASB	2	Condominium and commercial shopping complex ^(c)	175	269,607	503 – 1,365 (Condominium)		2011	2014
Island Resort/ Alam Harmoni Sdn Bhd	Lots 342, 346, 347, 348, 349, 350, 351 & 353, Section 2, Town of North East District, Batu Feringgi, Penang	IASB/ ICSB	4.5	Condominium/ Phase 4 ^(d)	152	121,147	542 – 1,513 (Condominium)		2013	2016

9. PROPERTY DEVELOPMENT PROJECTS OF OUR GROUP (Cont'd)

Notes:-

- (a) The Lot Nos. 73, 96, 98, 101, 102, 145, 146, 150, 159, 160, 163, 278, 279, 735, 736, 737, 738, 739, 740, 741, 742, 743, 744, 745, 746, 747, 748, 749, 750, 751, 752, 753, 766 and 767 have been surrendered and realienated into a Lot No. PT 25 with the Grant No. H.S.(D) 16561 registered and issued on 15 August 2009.
- (b) IGSB has obtained the amended planning and building plans approvals via MPPP's letters dated 21 February 2008, 21 February 2009, 2 April 2009 and 20 October 2009 for the following types of development:-
- (i) 1 block of 6-storey commercial space and 1 block of 5-storey hotel podium with 16-storey hotel tower with 352 rooms for Phase 4;
 - (ii) 1 block of 11-storey podium with commercial space for 1st to 4th floors and car park with additional commercial space for 5th to 9th floors for Phase 3;
 - (iii) 2-storey basement for car park and commercial space encompassing Phase 2 and Phase 3; and
 - (iv) (ii) and (iii) are linked to Phase 1 and Phase 2 as disclosed in Section 9.2, note (b)(iii), (iv) and (v).

The revaluation carried out by the Independent Registered Valuers, Messrs Henry Butcher Malaysia (Penang) Sdn Bhd on the property was based on the abovementioned approved plans and for the purposes of the revaluation, the valuers have made the assumptions that the Phase 3 and Phase 4 of Penang Times Square project will be completed within 5 years (i.e. by 2013) respectively.

- (c) Further to Section 9.3, note (b) above, IGSB has submitted amended planning and building plan to MPPP on 25 September 2009 for the types of development as tabulated in the table on the future property development projects as set out below:-
- (i) to cancel office block and hotel block; and
 - (ii) to be substituted by 2 blocks of 20-storey with a total of 200 units of condominiums.

The MPPP's approval for the abovementioned amended planning and building plan is pending and the expected commencement and completion of the Penang Times Square - Phase 3 and Phase 4 project are as tabulated in the table above on the future property development projects.

- (d) IASB has obtained the planning and building plans approvals via MPSP's letters dated 25 April 2007, 29 June 2007, 18 April 2008, 25 April 2008, 10 October 2008, 18 April 2009 and 25 April 2009 for the following types of development:-
- (i) 1 block of 4-storey shop offices for Phase 1; and
 - (ii) 2 blocks of 2-storey commercial lots with basement car park for Phase 3.

The revaluation carried out by the Independent Registered Valuers, Messrs Henry Butcher Malaysia (Seberang Perai) Sdn Bhd on the property was based on the abovementioned approved plans and for the purposes of the revaluation, the valuers have made the assumptions that the Aston Villa project will be completed within 3.5 years (i.e. by 2012).

The expected commencement and completion of the Aston Villa project are as tabulated in the table above on the future property development projects.

- (e) IASB has obtained the planning and building plan approval via MDTM's letter dated 2 January 2008 and 20 June 2009 for the following types of development:-
- (i) 50 units of bungalow; and
 - (ii) 1 club house.

IASB intends to submit amended planning and building plan to MDTM for the types of development and projected units as tabulated in the table above on the future property development projects.

- (f) IVSB has obtained the planning and building plan approvals via MPPP's letters dated 21 February 2008, 21 February 2009 and 5 February 2009 respectively for the following types of development:-
- (i) 1 block 5-storey podium with car park and 30 units of commercial lots for Phase 1;
 - (ii) 3 block 38-storey with a total of 648 units of condominium and 1-storey of facilities floor for Phase 1;
 - (iii) 1 block 38-storey with a total of 564 units of low-medium cost apartment with car park for Phase 1A;
 - (iv) 2 blocks 38-storey with a total of 292 units of condominium with 1 block of 6-storey podium with car park and 1-storey of facilities floor for Phase 2; and
 - (v) 8 units 3 and 4-storey of shop offices for Phase 2.

IVSB is in the midst of submitting the amended planning and building plan to MPPP for the projected units to be developed as tabulated in the table above on the future property development projects.

9. PROPERTY DEVELOPMENT PROJECTS OF OUR GROUP (Cont'd)

- (g) *IASB has obtained the planning and building plan approval via MPPP's letter dated 17 October 2009 for the following types of development:-*
- (i) *1 block 6-storey podium with commercial space and car park;*
 - (ii) *1-storey of sub-basement commercial space and 1-storey of basement car park; and*
 - (iii) *1 block 21-storey with 93 units of condominium and 2-storey facilities floor.*

IASB is in the midst of submitting the amended planning and building plan to MPPP for the projected units to be developed as tabulated in the table above on the future property development projects.

- (h) *ICSB is in the midst of submitting the planning and building plan to MPPP for the types of development as tabulated in the table above on the future property development projects.*

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10. FINANCIAL INFORMATION**10.1 HISTORICAL FINANCIAL INFORMATION**

The summarised proforma consolidated results of our Company for the FYE 2005 to FYE 2009 have been prepared for illustrative purposes only based on the audited financial statements of the companies in our Group and on the assumption that the current structure of our Group has been in existence throughout the financial years under review.

The proforma consolidated results should be read in conjunction with the accompanying notes and assumptions included in the Proforma Consolidated Financial Information set out in Sections 10.11 and 10.12 of this Prospectus.

	Audited				
	FYE 2005	FYE 2006	FYE 2007	FYE 2008	FYE 2009
	RM'000	RM'000	RM'000	RM'000	RM'000
Revenue	61,915	77,673	109,615	154,250	121,017
Cost of sales	(39,614)	(35,756)	(57,865)	(99,359)	(71,678)
GP	22,301	41,917	51,750	54,891	49,339
Selling and distribution expenses	(550)	(1,061)	(1,746)	(1,701)	(906)
General and administrative expenses	(8,735)	(9,919)	(13,182)	(15,761)	(24,254)
Other operating expenses	(55)	-	-	-	-
Other operating income	646	636	1,604	1,683	4,347
Operating profits	13,607	31,573	38,426	39,112	28,526
Finance costs	(812)	(1,144)	(1,488)	(1,560)	(4,478)
PBT before share of results of associated companies	12,795	30,429	36,938	37,552	24,048
Share of results of associated companies	766	1,440	346	(277)	897
PBT	13,561	31,869	37,284	37,275	24,945
Taxation	(3,520)	(9,367)	(10,782)	(10,402)	(7,779)
PAT	10,041	22,502	26,502	26,873	17,166
Attributable to:-					
- Equity holders of Ivory	10,041	22,502	26,502	26,873	17,166
- Minority interest	-	-	-	-	-
No. of Shares in issue ('000) ^(a)	141,101	141,101	141,101	141,101	141,101
Gross EPS (sen)	9.61	22.59	26.42	26.42	17.68
Net EPS (sen)	7.12	15.95	18.78	19.05	12.17
Fully diluted EPS (sen)	7.12	15.95	18.78	19.05	12.17
EBITDA	15,458	34,191	40,167	40,743	32,676
Interest expense	812	1,144	1,488	1,560	4,478
Depreciation	1,085	1,178	1,395	1,908	3,253
GP margin (%)	36.02	53.97	47.21	35.59	40.77
PBT margin (%)	21.90	41.03	34.01	24.17	20.61
PAT margin (%)	16.22	28.97	24.18	17.42	14.18

Notes:-

- (a) Based on the issued and paid-up share capital of 141,100,859 Shares after the Subdivision and Acquisitions. There were no potential dilutive Shares in issue during the financial years under review.
- (b) There were no discontinuing operations for all the financial years under review.
- (c) There were no extraordinary or exceptional items for all the financial years under review.

10. FINANCIAL INFORMATION (Cont'd)

- (d) *The financial results of the following subsidiaries have been time apportioned in order to be coterminous with the financial year end of our Company:-*
- *IPMSB for the financial years ended 30 June 2004 and 2005, and financial period ended 31 December 2006;*
 - *IISB for the financial years ended 31 August 2004 and 2005, and financial period ended 31 December 2006; and*
 - *IFSB for the financial period ended 30 September 2004 and financial period/ year ended 31 December 2005 and 2006.*

The proforma consolidated results of our Group are based on the accounting principles and bases consistent with those adopted by our Group in the preparation of the audited financial statement for the FYE 2009, which have been prepared in accordance with the Financial Reporting Standards. Any adjustments that were dealt with when preparing our proforma consolidated financial statements have been highlighted and disclosed in Section 10.12 of this Prospectus.

Further information on the proforma consolidated results of our Group is set out in Section 10.12 of this Prospectus.

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10. FINANCIAL INFORMATION (Cont'd)**10.2 CAPITALISATION AND INDEBTEDNESS**

The following table summarised our cash and cash equivalents, capitalisation and indebtedness:-

- (i) as at 31 December 2009 based on our proforma consolidated balance sheet after the Subdivision, Acquisitions and Rights Issue; and
- (ii) as adjusted for the net proceeds arising from the issue of the Public Issue Shares and the utilisation of proceeds as set out in Section 2.6 of this Prospectus.

	Proforma as at 31 December 2009 After Subdivision, Acquisitions and Rights Issue RM'000	After IPO and Utilisation of Proceeds RM'000
Cash and cash equivalents	12,104	43,603
Indebtedness		
Secured short-term indebtedness: -		
- Bank overdrafts (guaranteed)	10,808	10,808
- Bridging loans (guaranteed)	157	157
- Term loans (guaranteed)	28,620	18,620
- Hire purchases (guaranteed)	2,240	2,240
Secured long-term indebtedness:-		
- Term loans (secured and guaranteed)	72,772	72,772
- Hire purchase (secured and guaranteed)	4,334	4,334
Total indebtedness	118,931	108,931
Capitalisation		
Total shareholders' funds	113,836	155,335
Total capitalisation	113,836	155,335
Total capitalisation and indebtedness	232,767	264,266

The indirect and contingent liabilities of our Group are set out in Section 10.4.8(ii) of this Prospectus.

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10. FINANCIAL INFORMATION (Cont'd)**10.3 MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION, RESULTS OF OPERATIONS AND PROSPECTS**

The following management's discussion and analysis of our Group's financial conditions, results of operations for FYE 2005 to FYE 2009 should be read in conjunction with the accompany notes, assumptions and bases thereto included in the Reporting Accountants' Letter on the Proforma Consolidated Financial Information and Accountants' Report as set out in Sections 10.11 and 10.12, and 11 respectively of this Prospectus.

This discussion and analysis contains data derived from our audited financial statements of our subsidiaries as well as forward-looking statements that involve risks and uncertainties. The actual results may differ significantly from those projected in the forward-looking statements. Factors that may cause future results to differ significantly from those included in the forward-looking statements include, but are not limited to, those discussed below and elsewhere in this Prospectus, particularly the risk factors as set out in Section 3 of this Prospectus.

10.3.1 Overview of Operations

Our Group is an integrated property developer and its core business activities include the following:-

- (i) Property development;
- (ii) Property supporting services; and
- (iii) Retailing.

Our core revenue is derived from the property development. Our Group focuses on two (2) types of property developments, namely residential and commercial. Please refer to Section 4.4.3 of this Prospectus for further details on our property development projects.

The analysis of financial condition and results of operations of our Group are as detailed below:-

(i) Revenue

	Audited				
	FYE 2005	FYE 2006	FYE 2007	FYE 2008	FYE 2009
	RM'000	RM'000	RM'000	RM'000	RM'000
Revenue	61,915	77,673	109,615	154,250	121,017

Our revenue increased significantly from approximately RM61.92 million in FYE 2005 to approximately RM121.02 million in FYE 2009 representing a compounded annual growth rate of approximately 14.34%.

Revenue generated from property development activities contributed approximately 94.68%, 97.96%, 93.89%, 97.64% and 85.36% in FYE 2005, FYE 2006, FYE 2007, FYE 2008 and FYE 2009, respectively. In all the five (5) FYE 2005 to FYE 2009, revenue from property development activities are mainly generated from the Tanjung Park, Plaza Ivory and Palace Hill, The View Twin Towers, Penang Times Square and Moonlight Bay projects.

10. FINANCIAL INFORMATION (Cont'd)

Revenue from other activities, which amounted to approximately 5.32%, 2.04%, 6.11%, 2.36% and 14.64% in FYE 2005, FYE 2006, FYE 2007, FYE 2008 and FYE 2009, respectively, is typically generated from construction contracts, property management, furniture and interior designing, and retailing.

In all the five (5) FYE 2005 to FYE 2009, IASB, IMSB, ISSB and IGSB cumulatively contributed over 90% of our Group's revenue. These companies were also the main contributors to the profitability of our Group during the financial years under review.

Our business is subject to the cyclical nature of the property market in Malaysia, which is generally affected by the supply and demand conditions for properties, market pricing trends, standard of living, level of disposable income and demographic conditions as well as the general economic, political and regulatory developments.

Our revenue is primarily dependent on the volume of properties we sell, the prices at which we make the sales, the market response we obtain when we launch our property sales, the timing of the launch of our property sales and the progressive revenue recognition of our sales. The progressive revenue recognition of property sales is mainly dependent on the progress of the construction and sales achieved for our properties.

We determine the sale prices of our properties based on the location and type of property, as well as market forces of supply and demand.

Revenue is recognised to the extent that it is probable that economic benefits will flow to our Group and the revenue can be reliably measured. The following specific revenue recognition criteria must also be met before revenue is recognised.

- (a) Revenue from sale of development properties is accounted for by the stage of completion method in respect of all property units which have been sold. The stage of completion is determined by reference to the project costs incurred to-date to the total estimated costs where the outcome of the projects can be reliably estimated.
- (b) Revenue from construction contracts is accounted for by the stage of completion method where their outcome can be reasonably estimated. The stage of completion is determined by the proportion of costs incurred to date as compared to total costs. For this purpose, only those costs that reflect actual contract work performed are included as costs. Revenue from construction contracts represents the proportionate contract value on construction contracts attributable to the percentage of contract work performed during the financial year.
- (c) Revenue from property management is accounted for when services are rendered.
- (d) Revenue from furniture and interior designing for short term contracts are accounted for by the completion method whilst revenue from long term contracts are accounted for by the percentage of completion method.

10. FINANCIAL INFORMATION (Cont'd)

The tables below set out the revenue analysis by activities, subsidiaries and projects for the respective financial years under review:-

(a) Revenue Analysis by Activities

	Audited									
	FYE 2005		FYE 2006		FYE 2007		FYE 2008		FYE 2009	
	RM'000	%	RM'000	%	RM'000	%	RM'000	%	RM'000	%
Property development	58,621	94.68	76,092	97.96	102,913	93.89	150,602	97.64	103,297	85.36
Construction contracts	681	1.10	504	0.65	4,062	3.70	1,648	1.07	12,984	10.73
Property management	950	1.53	805	1.04	1,214	1.11	1,406	0.91	2,289	1.89
Furniture and interior designing	1,663	2.69	272	0.35	1,426	1.30	594	0.38	1,501	1.24
Retailing	-	-	-	-	-	-	-	-	946	0.78
Total	61,915	100.00	77,673	100.00	109,615	100.00	154,250	100.00	121,017	100.00

(b) Revenue Analysis by Companies

	Audited									
	FYE 2005		FYE 2006		FYE 2007		FYE 2008		FYE 2009	
	RM'000	%	RM'000	%	RM'000	%	RM'000	%	RM'000	%
IASB	44,201	71.39	38,367	49.40	11,974	10.92	23,596	15.30	49,885	41.22
IGSB	11,691	18.88	40,790	52.52	89,858	81.98	123,756	80.23	60,815	50.25
ISSB	11,097	17.92	15	0.01	-	-	-	-	-	-
IPMSB	1,114	1.80	1,089	1.40	1,497	1.37	1,890	1.23	2,618	2.16
G&A	2,348	3.79	2,556	3.29	1,428	1.30	4,490	2.91	1,870	1.55
IFSB	1,663	2.69	522	0.67	1,463	1.33	594	0.39	1,501	1.24
IMSB	-	-	-	-	5,581	5.09	24,258	15.72	42,495	35.12
ITSSB	-	-	-	-	-	-	-	-	440	0.36
Sunlink	-	-	-	-	-	-	-	-	946	0.78
	72,114	116.47	83,339	107.29	111,801	101.99	178,584	115.78	160,570	132.68
Consolidation adjustments	(10,199)	(16.47)	(5,666)	(7.29)	(2,186)	(1.99)	(24,334)	(15.78)	(39,553)	(32.68)
Total	61,915	100.00	77,673	100.00	109,615	100.00	154,250	100.00	121,017	100.00

(c) Revenue Analysis by Projects

	Audited									
	FYE 2005		FYE 2006		FYE 2007		FYE 2008		FYE 2009	
	RM'000	%	RM'000	%	RM'000	%	RM'000	%	RM'000	%
Projects										
Tanjung Park	8,985	14.51	1,353	1.74	411	0.37	472	0.31	1,228	1.01
Plaza Ivory and Palace Hill	13,168	21.27	504	0.65	496	0.45	646	0.42	193	0.16
The View Twin Towers	27,390	44.24	35,026	45.09	9,207	8.40	981	0.64	484	0.40
Penang Times Square	11,691	18.88	40,790	52.52	89,858	81.98	123,768	80.24	63,287	52.30
Moonlight Bay	-	-	-	-	5,581	5.09	24,260	15.73	44,487	36.76
Island Resort	-	-	-	-	4,062	3.71	1,649	1.06	10,992	9.08
Aston Villa	-	-	-	-	-	-	-	-	-	-
Zen @ The View	-	-	-	-	-	-	2,474	1.60	(600)	(0.49)
Other projects	681	1.10	-	-	-	-	-	-	-	-
	61,915	100.00	77,673	100.00	109,615	100.00	154,250	100.00	120,071	99.22
Retailing	-	-	-	-	-	-	-	-	946	0.78
Total	61,915	100.00	77,673	100.00	109,615	100.00	154,250	100.00	121,017	100.00

10. FINANCIAL INFORMATION (Cont'd)

(d) Commentaries on Revenue

Our commentaries on our Group's revenue are as follows:-

FYE 2006 vs FYE 2005

Our revenue increased by approximately RM15.75 million or approximately 25.44% from approximately RM61.92 million in FYE 2005 to approximately RM77.67 million in FYE 2006. The increase was mainly due to the recognition of the sales from The View Twin Towers and Penang Times Square - Phase 1 projects which commenced construction in 2005 respectively.

FYE 2007 vs FYE 2006

Our revenue increased by approximately RM31.95 million or approximately 41.14% from approximately RM77.67 million in FYE 2006 to approximately RM109.62 million in FYE 2007. The increase was mainly due to higher percentage of completion of the Penang Times Square - Phase 1 project as compared to FYE 2006 and the recognition of sales from Penang Times Square - Phase 2, Moonlight Bay - Phase 1 and Island Resort - Phase 1 projects. The Penang Times Square - Phase 2 and Moonlight Bay - Phase 1 projects commenced construction in 2007 whilst Island Resort - Phase 1 project commenced construction of the clubhouse in 2007.

FYE 2008 vs FYE 2007

Our revenue increased by approximately RM44.63 million or approximately 40.71% from approximately RM109.62 million in FYE 2007 to approximately RM154.25 million in FYE 2008. The increase was mainly due to the completion of the Penang Times Square - Phase 1 project and higher percentage of completion for the Moonlight Bay - Phase 1 project as compared to FYE 2007. The increase was also partly contributed by sales of one unit of Zen @ The View project of approximately RM2.47 million in 2008.

FYE 2009 vs FYE 2008

Our revenue decreased by approximately RM33.23 million or approximately 21.54% from approximately RM154.25 million in FYE 2008 to approximately RM121.02 million in FYE 2009. The decrease was mainly due to the decrease in number of unit sold from the Penang Times Square - Phase 1 and Phase 2, and Moonlight Bay - Phase 1 projects attributable to the slowdown in sales as a result of the then prevailing economic environment.

10. FINANCIAL INFORMATION (Cont'd)**(ii) Cost of Sales, GP and GP Margin****(a) Cost of Sales**

Our cost of sales consist of the property development expenses which includes cost of completed development properties, building construction costs and cost of interior and furnishing packages:-

- (aa) Cost of sales of properties sold constituted the main bulk of cost of sales, accounting for approximately 85% to 99% of cost of sales in the five (5) FYE 2005 to FYE 2009. In line with revenue, in FYE 2005 to FYE 2009, the property development expenses were mainly from the Tanjung Park, Plaza Ivory and Palace Hill, The View Twin Towers, Penang Times Square and Moonlight Bay projects.
- (bb) For FYE 2005 to FYE 2009, building construction costs for construction contracts amounting to approximately 1% to 13% of total cost of sales were also incurred for the construction of a clubhouse for the Island Resort - Phase 1 project and construction costs of our other projects.

We engage certain contractors for all of our projects. Having been in the industry for more than eleven (11) years, we have identified a list of preferred contractors to be invited for our tenders. We also accept recommendations from our consultants. We select our preferred contractors based on factors such as past track record, past project work, financial strength, experienced personnel, workmanship, efficiency, reliability, staff capacity and pricing.

The time taken for various stages of construction work such as the earthwork, piling, structural and architectural works is critical in determining the completion of projects, which affect our revenue recognition. Timely completion of each of the stages is essential to ensure the completion of projects according to the schedule and consequently, the revenue generation for each project.

Apart from the above, the other development costs incurred by our Group include developer licence fees, professional fees including architectural, civil and structural fees, surveyor fees, legal fees, valuation fees and payment to the authorities for purposes such as development and building plan approvals.

10. FINANCIAL INFORMATION (Cont'd)

The tables below set out the cost of sales analysis by activities, subsidiaries and projects for the respective financial years under review:-

(aa) Cost of Sales Analysis by Activities

	Audited									
	FYE 2005		FYE 2006		FYE 2007		FYE 2008		FYE 2009	
	RM'000	%	RM'000	%	RM'000	%	RM'000	%	RM'000	%
Property Development	38,660	97.59	35,089	98.13	53,067	91.71	98,345	98.98	61,078	85.21
Construction contracts	(165)	(0.41)	487	1.36	3,645	6.30	527	0.53	9,241	12.89
Furniture and interior designing	1,119	2.82	180	0.51	1,153	1.99	487	0.49	856	1.20
Retailing	-	-	-	-	-	-	-	-	503	0.70
Total	39,614	100.00	35,756	100.00	57,865	100.00	99,359	100.00	71,678	100.00

(bb) Cost of Sales Analysis by Companies

	Audited									
	FYE 2005		FYE 2006		FYE 2007		FYE 2008		FYE 2009	
	RM'000	%	RM'000	%	RM'000	%	RM'000	%	RM'000	%
IASB	26,400	66.64	21,257	59.45	4,400	7.60	12,607	12.69	44,106	61.53
IGSB	6,219	15.70	19,195	53.68	51,017	88.17	94,703	95.31	37,713	52.61
ISSB	8,389	21.18	118	0.33	531	0.92	141	0.14	-	-
IPMSB	-	-	-	-	-	-	-	-	-	-
G&A	-	-	-	-	-	-	-	-	-	-
IFSB	1,119	2.82	180	0.50	1,153	1.99	487	0.49	856	1.20
IMSB	-	-	-	-	2,776	4.80	14,602	14.70	26,588	37.09
Sunlink	-	-	-	-	-	-	-	-	503	0.70
	42,127	106.34	40,750	113.96	59,877	103.48	122,540	123.33	109,766	153.13
Consolidation adjustments	(2,513)	(6.34)	(4,994)	(13.96)	(2,012)	(3.48)	(23,181)	(23.33)	(38,088)	(53.13)
Total	39,614	100.00	35,756	100.00	57,865	100.00	99,359	100.00	71,678	100.00

(cc) Cost of Sales Analysis by Projects

	Audited									
	FYE 2005		FYE 2006		FYE 2007		FYE 2008		FYE 2009	
	RM'000	%	RM'000	%	RM'000	%	RM'000	%	RM'000	%
Projects										
Tanjung Park	5,718	14.43	627	1.75	34	0.06	-	-	657	0.92
Plaza Ivory and Palace Hill	8,746	22.08	(34)	(0.10)	570	0.99	179	0.18	45	0.06
The View Twin Towers	20,488	51.72	19,114	53.46	4,136	7.15	(333)	(0.33)	-	-
Penang Times Square	4,537	11.45	16,933	47.36	47,318	81.77	84,136	84.68	35,725	49.84
Moonlight Bay	-	-	(569)	(1.59)	2,287	3.95	13,149	13.23	25,232	35.20
Island Resort	-	-	(315)	(0.88)	3,525	6.09	1,152	1.16	9,674	13.50
Zen @ The View	-	-	-	-	-	-	1,291	1.30	-	-
Aston Villa	-	-	-	-	(5)	(0.01)	(215)	(0.22)	(94)	(0.13)
Other projects	125	0.32	-	-	-	-	-	-	-	-
	39,614	100.00	35,756	100.00	57,865	100.00	99,359	100.00	71,239	99.39
Retailing	-	-	-	-	-	-	-	-	439	0.61
Total	39,614	100.00	35,756	100.00	57,865	100.00	99,359	100.00	71,678	100.00

10. FINANCIAL INFORMATION (Cont'd)**(b) GP and GP Margin**

The tables below set out the GP and GP margin by activities, subsidiaries and projects for the respective financial years under review:-

(aa) GP and GP Margin by Activities• **GP**

	Audited									
	FYE 2005		FYE 2006		FYE 2007		FYE 2008		FYE 2009	
	RM'000	%	RM'000	%	RM'000	%	RM'000	%	RM'000	%
Property development	19,336	86.70	40,470	96.55	49,526	95.70	51,773	94.32	41,450	84.01
Construction contracts	1,308	5.87	17	0.04	417	0.81	1,121	2.04	3,743	7.59
Property management	1,114	5.00	1,089	2.60	1,497	2.89	1,890	3.44	3,058	6.20
Furniture and interior designing	543	2.43	341	0.81	310	0.60	107	0.20	646	1.30
Retailing	-	-	-	-	-	-	-	-	442	0.90
Total	22,301	100.00	41,917	100.00	51,750	100.00	54,891	100.00	49,339	100.00

• **GP Margin**

	Audited				
	FYE 2005	FYE 2006	FYE 2007	FYE 2008	FYE 2009
	%	%	%	%	%
Property development	28.36	37.76	32.84	33.85	39.69
Construction contracts	124.22	6.75	7.41	7.41	9.34
Property management	100.00	100.00	100.00	100.00	100.00
Furniture and interior designing	32.66	65.44	21.18	17.99	43.01
Retailing	-	-	-	-	46.75
Overall GP margin	36.02	53.97	47.21	35.59	40.77

(bb) GP and GP Margin by Companies• **GP**

	Audited									
	FYE 2005		FYE 2006		FYE 2007		FYE 2008		FYE 2009	
	RM'000	%	RM'000	%	RM'000	%	RM'000	%	RM'000	%
IASB	9,789	43.89	17,110	40.82	7,574	14.63	10,989	20.02	5,780	11.71
IGSB	5,471	24.53	21,595	51.52	38,841	75.06	29,053	52.93	23,101	46.82
ISSB	2,708	12.15	(103)	(0.25)	(531)	(1.03)	(141)	(0.26)	-	-
IPMSB	1,114	5.00	1,089	2.60	1,496	2.89	1,890	3.45	2,618	5.31
G&A	2,349	10.53	2,556	6.10	1,428	2.76	4,490	8.18	1,870	3.79
IFSB	543	2.43	341	0.81	310	0.60	107	0.19	646	1.31
IMSB	-	-	-	-	2,805	5.42	9,656	17.59	15,907	32.24
ITSSB	-	-	-	-	-	-	-	-	440	0.89
Sunlink	-	-	-	-	-	-	-	-	442	0.90
	21,974	98.53	42,588	101.60	51,923	100.33	56,044	102.10	50,804	102.97
Consolidation adjustments	327	1.47	(671)	(1.60)	(173)	(0.33)	(1,153)	(2.10)	(1,465)	(2.97)
Total	22,301	100.00	41,917	100.00	51,750	100.00	54,891	100.00	49,339	100.00

10. FINANCIAL INFORMATION (Cont'd)**• GP Margin**

	Audited				
	FYE 2005	FYE 2006	FYE 2007	FYE 2008	FYE 2009
	%	%	%	%	%
IASB	22.15	44.60	63.25	46.57	6.33
IGSB	46.80	52.94	43.22	23.48	37.99
ISSB	24.40	(686.67)	-	-	-
IPMSB	100.00	100.00	100.00	100.00	100.00
G&A	100.00	100.00	100.00	100.00	100.00
IFSB	32.65	65.33	21.19	18.01	43.01
IMSB	-	-	50.26	39.81	37.43
ITSSB	-	-	-	-	100.00
Sunlink	-	-	-	-	46.75
Overall GP margin	36.02	53.97	47.21	35.59	40.77

(cc) GP and GP Margin by Projects**• GP**

	Audited									
	FYE 2005		FYE 2006		FYE 2007		FYE 2008		FYE 2009	
	RM'000	%	RM'000	%	RM'000	%	RM'000	%	RM'000	%
Projects										
Tanjung Park	3,268	14.65	725	1.73	377	0.73	471	0.86	571	1.16
Plaza Ivory and Palace Hill	4,421	19.82	538	1.28	(74)	(0.14)	467	0.85	148	0.30
The View Twin Towers	6,902	30.95	15,912	37.96	5,071	9.80	1,315	2.40	484	0.98
Penang Times Square	7,154	32.09	23,857	56.91	42,540	82.20	39,632	72.20	27,562	55.86
Moonlight Bay	-	-	570	1.36	3,294	6.37	11,111	20.24	19,255	39.03
Island Resort	-	-	315	0.76	537	1.03	497	0.90	1,318	2.67
Zen @ The View	-	-	-	-	-	-	1,183	2.16	(600)	(1.22)
Aston Villa	-	-	-	-	5	0.01	215	0.39	94	0.19
Other projects	556	2.49	-	-	-	-	-	-	-	-
	22,301	100.00	41,917	100.00	51,750	100.00	54,891	100.00	48,832	98.97
Retailing	-	-	-	-	-	-	-	-	507	1.03
Total	22,301	100.00	41,917	100.00	51,750	100.00	54,891	100.00	49,339	100.00

• GP Margin

	Audited				
	FYE 2005	FYE 2006	FYE 2007	FYE 2008	FYE 2009
	%	%	%	%	%
Projects					
Tanjung Park	36.37	53.60	91.79	100.00	46.49
Plaza Ivory and Palace Hill	30.07	57.31	(14.99)	72.26	76.68
The View Twin Towers	24.39	45.43	55.08	133.98	100.00
Penang Times Square	55.63	59.66	47.62	32.60	43.55
Moonlight Bay	-	24.17	53.33	26.47	43.28
Island Resort	-	100.00	13.22	30.14	11.99
Zen @ The View	-	-	-	47.82	(100.00)
Aston Villa	-	-	100.00	100.00	100.00
Other projects	81.64	-	-	-	-
	36.02	53.97	47.21	35.59	40.67
Retailing	-	-	-	-	53.61
Overall GP margin	36.02	53.97	47.21	35.59	40.77

10. FINANCIAL INFORMATION (Cont'd)**(c) Commentaries on Cost of Sales, GP and GP Margin**

Our commentaries on our Group's cost of sales, GP and GP margin are as follows:-

FYE 2006 vs FYE 2005

Our cost of sales decreased by approximately RM3.85 million or approximately 9.72% from approximately RM39.61 million in FYE 2005 to approximately RM35.76 million in FYE 2006 despite the increase in our revenue. The decrease was mainly due to the reduction in total estimated costs for The View Twin Towers project following its completion in 2006, such as estimated cost payable to Indah Water Konsortium that was no longer necessary as a water treatment plant had been constructed of which the construction cost were already provided for in our budget and construction cost of the access road payable to the local authority which was subsequently borne by the landowner instead of our Group.

Our GP increased by approximately RM19.62 million or approximately 87.98% from approximately RM22.30 million in FYE 2005 to approximately RM41.92 million in FYE 2006 whilst our overall GP margin increased by approximately 17.95% from approximately 36.02% in FYE 2005 to approximately 53.97% in FYE 2006, which was in line with the increase in our revenue. The increase in our overall GP margin was mainly due to the following:-

- (aa) the increase in GP margin for The View Twin Towers project due to reduction in total estimated costs following its completion in 2006 as explained above; and
- (bb) the increase in GP margin for the Penang Times Square - Phase 1 project due to the land being located at the area zoned for commercial development thus allowing for the land to be developed based on the plot ratio of 5:1 as approved by the local council, MPPP, i.e. allowing our Group to maximise the development area by 5 times. As such, our Group will be able to maximise the land area of the properties to be developed on the Penang Times Square - Phase 1 project and thereby lowering the average cost of the said development land.

10. FINANCIAL INFORMATION (Cont'd)**FYE 2007 vs FYE 2006**

Our cost of sales increased by approximately RM22.11 million or approximately 61.83% from approximately RM35.76 million in FYE 2006 to approximately RM57.87 million in FYE 2007 in line with our increase in revenue. The increase was mainly due to the following:-

- (aa) the reversal of the property, plant and equipment over capitalised by ISSB amounting to approximately RM0.50 million; and
- (bb) the increase in total construction cost for Penang Times Square - Phase 1 project due to the increase in the cost of raw materials such as changes to the types of materials used in the interior design (e.g. types of tiles etc), additional purchase of piles with different specifications and also additional purchase of soils with firmer composition. Further costs were also incurred in excavating and replacing the unsuitable soils on the site of Penang Times Square - Phase 1 project.

Our GP increased by approximately RM9.83 million or approximately 23.45% from approximately RM41.92 million in FYE 2006 to RM51.75 million in FYE 2007 despite our overall GP margin decreased by approximately 6.76% from approximately 53.97% in FYE 2006 to approximately 47.21% in FYE 2007. The increase in GP was in line with our increase in revenue. The decrease in GP margin was mainly due to the following:-

- (aa) the increase in cost of sales as explained above; and
- (bb) the decrease in GP margin for the Island Resort - Phase 1 project due to the recognition of construction revenue for the construction of a clubhouse which generated lower GP margin.

The decrease in GP margin for Penang Times Square - Phase 1, Plaza Ivory and Palace Hill and Island Resort - Phase 1 projects were partly offset by the following:-

- (aa) the increase in GP margin for Tanjung Park, The View Twin Towers and Aston Villa projects due to property management and consultancy services rendered which had no corresponding cost of sales; and
- (bb) the increase in GP margin for the Moonlight Bay - Phase 1 project due to the increase in revenue recognition in FYE 2007.

10. FINANCIAL INFORMATION (Cont'd)**FYE 2008 vs FYE 2007**

Our cost of sales increased by approximately RM41.49 million or approximately 71.70% from approximately RM57.87 million in FYE 2007 to approximately RM99.36 million in FYE 2008 in line with our increase in revenue. The increase was mainly due to the following:-

- (aa) the increase in cost of sales for the Penang Times Square - Phase 1 project due to more costly finishing used, such as usage of marble for flooring and wall covering for most commercial areas, usage of spray paint instead of brush paint, additional lightings, etc; and
- (bb) the increase in cost of sales for the Moonlight Bay - Phase 1 project due to revision in estimated total costs as a result of the increase in the cost of building materials and labour following the price hike of petrol announced by the Government in mid 2008.

Our GP increased by approximately RM3.14 million or approximately 6.07% from approximately RM51.75 million in FYE 2007 to approximately RM54.89 million in FYE 2008 despite of our overall GP margin decreased by approximately 11.62% from approximately 47.21% in FYE 2007 to approximately 35.59% in FYE 2008. The increase in GP was in line with our increase in revenue. The decrease in GP margin was mainly due to the increase in cost of sales for Penang Times Square - Phase 1 and Moonlight Bay - Phase 1 projects as explained above. Despite the decrease in GP margin for Penang Times Square - Phase 1 and Moonlight Bay - Phase 1 projects, the GP margin for Tanjung Park, Plaza Ivory and Palace Hill and Island Resort - Phase 1 projects increased mainly due to property management and consultancy services rendered which had no corresponding cost of sales whilst the GP margin for The View Twin Towers increased due to reversal of cost over accrued in prior years.

FYE 2009 vs FYE 2008

Our cost of sales decreased by approximately RM27.68 million or approximately 27.86% from approximately RM99.36 million in FYE 2008 to approximately RM71.68 million in FYE 2009 in line with the decrease in our revenue.

Our GP decreased by approximately RM5.55 million or approximately 10.11% from approximately RM54.89 million in FYE 2008 to RM49.34 million in FYE 2009 despite our overall GP margin increased by approximately 5.18% from approximately 35.59% in FYE 2008 to approximately 40.77% in FYE 2009. The decrease in GP was mainly due to the following:-

- (aa) the decrease in revenue recognition for the Penang Times Square - Phase 1 project following its completion in 2008; and

10. FINANCIAL INFORMATION (Cont'd)

- (bb) the decrease in consultancy revenue generated under property development. Consultancy revenue is dependent on issuance of drawings for plan submissions and progress of construction stages. The decrease is in line with the decrease in our overall percentage of completion of work.

Notwithstanding the decrease in GP, our GP margin increased mainly due to the following:-

- (aa) the increase in GP margin for furniture and interior designing work from 17.99% in FYE 2008 to 43.01% in FYE 2009;
- (bb) the increase in revenue generated from property management which contributed higher GP margin;
- (cc) the retailing activity undertaken by our Group which also contributed to a higher GP margin;
- (dd) the reversal of main contractor fees over charged following the finalisation of sub-contractors' accounts of the Penang Times Square - Phase 1 project; and
- (ee) the partial reversal of accruals for defects liability following the first expiration of defects liability period for the Penang Times Square - Phase 1 project.

(iii) Selling and Distribution Expenses

Our selling and distribution expenses consist mainly of advertisement, referral fees and sales incentive expenses, legal fees, showroom office expenses, etc. These expenses were incurred in promoting the sale of the development projects of our Group.

Our commentaries on our Group's selling and distribution expenses are as follows:-

FYE 2006 vs FYE 2005

Our selling and distribution expenses increased by approximately RM0.51 million or approximately 92.73% from approximately RM0.55 million in FYE 2005 to approximately RM1.06 million in FYE 2006 mainly due to the increase in advertisement and promotional expenses to continuously promote the Penang Times Square - Phase 1 and The View Twin Towers projects, and the increase in sales commission paid to sales and marketing personnel, and real estate agents for the Penang Times Square - Phase 1 project.

10. FINANCIAL INFORMATION (Cont'd)

FYE 2007 vs FYE 2006

Our selling and distribution expenses increased by approximately RM0.69 million or approximately 65.09% from approximately RM1.06 million in FYE 2006 to approximately RM1.75 million in FYE 2007 mainly due to the increase in advertisement and promotional expenses for the Penang Times Square - Phase 2, Moonlight Bay - Phase 1 and Island Resort - Phase 2 projects while continuously promoting Penang Times Square - Phase 1 project.

FYE 2008 vs FYE 2007

Our selling and distribution expenses decreased by approximately RM0.05 million or approximately 2.86% from approximately RM1.75 million in FYE 2007 to approximately RM1.70 million in FYE 2008 mainly due to the advertisement and promotional expenses incurred in promoting on-going projects.

FYE 2009 vs FYE 2008

Our selling and distribution expenses decreased by approximately RM0.79 million or approximately 46.47% from approximately RM1.70 million in FYE 2008 to approximately RM0.91 million in FYE 2009 mainly due to the decrease in sales commission paid to sales and marketing personnel, and real estate agents following the overall decrease in number of units sold of our projects and higher selling and distribution expenses were incurred for the Aston Villa project in FYE 2008 following the setting up of a sales office at the project site.

(iv) General and Administrative Expenses

Our general and administrative expenses consist mainly of salaries, bonuses, allowances, training and other staff related expenses, depreciation, utilities expenses, provision of impairment loss, general maintenance expenses, quit rent and assessment fees, securities service fees, repairs and maintenance, other routine and miscellaneous expenses, etc. These expenses were incurred in the normal course of our Group's business.

Our commentaries on our Group's general and administrative expenses are as follows:-

FYE 2006 vs FYE 2005

Our general and administrative expenses increased by approximately RM1.18 million or approximately 13.50% from approximately RM8.74 million in FYE 2005 to approximately RM9.92 million in FYE 2006 mainly due to the increase in staff headcounts and its related expenses (i.e. staff costs), incurred by our Group's property management and consultancy services to support on-going projects, particularly on security services and architectural drawings respectively. There was also an increase in consultancy fees paid to support the increase in projects undertaken by our Group.

10. FINANCIAL INFORMATION (Cont'd)**FYE 2007 vs FYE 2006**

Our general and administrative expenses increased by approximately RM3.26 million or approximately 32.86% from approximately RM9.92 million in FYE 2006 to approximately RM13.18 million in FYE 2007 mainly due to the increase in staff headcounts and its related expenses (i.e. staff costs) to support the construction of our new projects, such as Penang Times Square - Phase 2, Moonlight Bay - Phase 1 and Aston Villa projects. Our Group's property management services also increased staff headcounts and its related expenses (i.e. staff costs) to support maintenance of The View Twin Towers project which was completed at end of 2006. Besides, the staff welfare expenses also increased due to the expenses incurred in 2007 for the overseas trips provided by our Group to our staff as a form of reward.

FYE 2008 vs FYE 2007

Our general and administrative expenses increased by approximately RM2.58 million or approximately 19.58% from approximately RM13.18 million in FYE 2007 to approximately RM15.76 million in FYE 2008 mainly due to the increase in staff headcounts and its related expenses (i.e. staff costs) to support on-going full-year active projects such as Penang Times Square - Phase 2 and Moonlight Bay - Phase 1 projects which commenced active construction in November 2007 and December 2007 respectively. Our Group's property management and consultancy services also increased staff headcounts and its related expenses (i.e. staff costs) to support increased activities in respect of security services and architectural drawings for the Aston Villa and Island Resort - Phase 1 projects. There was also an increase in electricity expenses following the increase in electricity rates in 2008.

FYE 2009 vs FYE 2008

Our general and administrative expenses increased by approximately RM8.49 million or approximately 53.87% from approximately RM15.76 million in FYE 2008 to approximately RM24.25 million in FYE 2009 mainly due to the increase in depreciation charges as a result of the acquisition of the air conditioning chilled water plant amounting to approximately RM9.45 million in November 2008 and the increase in electricity charges as a result of the usage of the said air conditioning chilled water plant. There was also an increase in staff headcounts and its related expenses (i.e. staff costs) to support the increase in our Group's activities following the launch of the Moonlight Bay - Phase 2 and Island Resort - Phase 2 projects in 2008.

(v) Other Operating Expenses

Our other operating expenses consist mainly of property, plant and equipment written off, etc. However, our other operating expenses have been classified to general and administrative expenses since the FYE 2006.

10. FINANCIAL INFORMATION (Cont'd)**(vi) Finance Costs**

Our finance costs consist mainly of interest expenses incurred for our bank overdrafts, term loans and hire purchases as described in Section 10.4.3 of this Prospectus.

Our commentaries on our Group's finance costs are as follows:-

FYE 2006 vs FYE 2005

Our finance costs increased by approximately RM0.33 million or approximately 40.74% from approximately RM0.81 million in FYE 2005 to approximately RM1.14 million in FYE 2006 mainly due to the interest incurred on loan drawn down for the purchase of Penang Times Square - Phase 4 land for own use purposes and bank overdrafts utilised for working capital purposes.

FYE 2007 vs FYE 2006

Our finance costs increased by approximately RM0.35 million or approximately 30.70% from approximately RM1.14 million in FYE 2006 to approximately RM1.49 million in FYE 2007 mainly due to the interest incurred on bank overdrafts utilised for working capital purposes.

FYE 2008 vs FYE 2007

Our finance costs increased by approximately RM0.07 million or approximately 4.70% from approximately RM1.49 million in FYE 2007 to approximately RM1.56 million in FYE 2008 mainly due to the increase in interest incurred as a result of higher utilisation of bank overdrafts.

FYE 2009 vs FYE 2008

Our finance costs increased by approximately RM2.92 million or approximately 187.18% from approximately RM1.56 million in FYE 2008 to approximately RM4.48 million in FYE 2009 mainly due to the interest incurred on term loan drawn down for the purchase of the Ivory Eco Park @ Tanjung Malim land which is held for future development.

(vii) Other Operating Income

Our other operating income consists mainly of income from chilled air which is produced by the chilled water plant, interest received from purchasers on overdue payments and interest income.

For FYE 2005, FYE 2006, FYE 2007, FYE 2008 and FYE 2009, interest income accounted for approximately 14.56%, 14.13%, 7.70%, 29.09% and 11.40% of other operating income, respectively. Our Group's interest income is derived from overdue interest income, interest from Housing Development Accounts ("HDA") and other interest income. Overdue interest income was earned from the Penang Times Square - Phase 1 and Phase 2, and Moonlight Bay - Phase 1 projects. Interest income from the HDA was earned by our Group for the Moonlight Bay - Phase 1 project, while other interest income consists of the interest derived from fixed deposits placed with financial institutions in Malaysia.

10. FINANCIAL INFORMATION (Cont'd)

Our commentaries on our Group's other operating income are as follow:-

FYE 2006 vs FYE 2005

Our other operating income decreased by approximately RM0.01 million or approximately 1.54% from approximately RM0.65 million in FYE 2005 to approximately RM0.64 million in FYE 2006 mainly due to the decrease in interest and dividend income as well as forfeiture income from the Penang Times Square - Phase 1 and Plaza Ivory and Palace Hill projects.

FYE 2007 vs FYE 2006

Our other operating income increased by approximately RM0.96 million or approximately 150.00% from approximately RM0.64 million in FYE 2006 to approximately RM1.60 million in FYE 2007 mainly due to other income received from Shell for the construction of an access road for The View Twin Towers project which connects a Shell petrol station to the Jelutong expressway. The increase was also due to the increase in interest income and forfeiture income from the Penang Times Square - Phase 1 and Phase 2, and Moonlight Bay - Phase 1 projects.

FYE 2008 vs FYE 2007

Our other operating income increased by approximately RM0.08 million or approximately 5.00% from approximately RM1.60 million in FYE 2007 to approximately RM1.68 million in FYE 2008 mainly due to the increase in interest income.

FYE 2009 vs FYE 2008

Our other operating income increased by approximately RM2.67 million or approximately 158.93% from approximately RM1.68 million in FYE 2008 to approximately RM4.35 million in FYE 2009 mainly due to the income received from the provision of chilled air, utilities, liquefied petroleum gas and landscaping services. The increase was also due to the increase in forfeiture income from the Penang Times Square - Phase 1 and Phase 2, and Moonlight Bay - Phase 1 projects, and gain on disposal of property, plant and equipment.

(viii) Share of Results of Associated Companies

Our share of results of associated companies consists mainly of the share of results of ICSB and IVSB.

Our commentaries on our Group's share of results of associated companies are as follows:-

FYE 2006 vs FYE 2005

Our share of results of associated companies increased by approximately RM0.67 million or approximately 87.01% from approximately RM0.77 million in FYE 2005 to approximately RM1.44 million in FYE 2006 mainly due to share of profits from The View Twin Towers project by IVSB.

10. FINANCIAL INFORMATION (Cont'd)**FYE 2007 vs FYE 2006**

Our share of results of associated companies decreased by approximately RM1.09 million or approximately 75.69% from approximately RM1.44 million in FYE 2006 to approximately RM0.35 million in FYE 2007 mainly due to the completion of IVSB's The View Twin Towers project in 2006.

FYE 2008 vs FYE 2007

Our share of results of associated companies decreased by approximately RM0.63 million or approximately 180.00% from share of profit of associated companies of approximately RM0.35 million in FYE 2007 to share of loss of associated companies of approximately RM0.28 million in FYE 2008 as a result of losses generated by associated companies, i.e. ICSB and IVSB, due to the expenses incurred by these companies for the development planning process in respect of Island Resort - Phase 1 and Mount Erskine Development projects respectively with no corresponding generation of income.

FYE 2009 vs FYE 2008

Our share of results of associated companies increased by approximately RM1.18 million or approximately 421.43% from share of loss of associated companies of approximately RM0.28 million in FYE 2008 to share of profit of associated companies of approximately RM0.90 million in FYE 2009 mainly due to share of profits from the Island Resort - Phase 2 project by ICSB.

(ix) PBT and PBT Margin**(a) PBT and PBT Margin Analysis by Activities**

- **PBT**

	Audited									
	FYE 2005		FYE 2006		FYE 2007		FYE 2008		FYE 2009	
	RM'000	%	RM'000	%	RM'000	%	RM'000	%	RM'000	%
Property development	12,629	93.13	31,870	100.00	37,397	100.30	37,794	101.39	25,775	103.33
Construction contracts	443	3.27	(24)	(0.08)	-	-	-	-	-	-
Property management	240	1.77	103	0.32	14	0.04	(99)	(0.27)	567	2.27
Furniture and interior designing	257	1.89	(11)	(0.03)	(97)	(0.26)	(388)	(1.04)	19	0.08
Retailing	-	-	-	-	-	-	-	-	(441)	(1.77)
Others*	(8)	(0.06)	(69)	(0.21)	(30)	(0.08)	(32)	(0.08)	(975)	(3.91)
Total	13,561	100.00	31,869	100.00	37,284	100.00	37,275	100.00	24,945	100.00

Note:-

* Consist mainly of losses generated by subsidiaries and/or associated companies which have yet to undertake any projects/commence active operations.

10. FINANCIAL INFORMATION (Cont'd)• **PBT Margin**

	Audited									
	FYE 2005		FYE 2006		FYE 2007		FYE 2008		FYE 2009	
	%	%	%	%	%	%	%	%	%	
Property development	20.40		41.03		34.12		24.50		21.30	
Construction contracts	0.71		(0.03)		-		-		-	
Property management	0.39		0.13		0.01		(0.06)		0.47	
Furniture and interior designing	0.41		(0.01)		(0.09)		(0.25)		0.01	
Retailing	-		-		-		-		(0.36)	
Others*	(0.01)		(0.09)		(0.03)		(0.02)		(0.81)	
Overall PBT margin	21.90		41.03		34.01		24.17		20.61	

Note:-

* Consist mainly of losses generated by subsidiaries and/or associated companies which have yet to undertake any projects/commence active operations.

(b) PBT and PBT Margin Analysis by Companies• **PBT**

	Audited									
	FYE 2005		FYE 2006		FYE 2007		FYE 2008		FYE 2009	
	RM'000	%	RM'000	%	RM'000	%	RM'000	%	RM'000	%
Ivory	(7)	(0.05)	(68)	(0.21)	(15)	(0.04)	1	^(a)	(969)	(3.88)
IASB	6,980	51.47	14,393	45.16	4,105	11.01	10,809	29.00	(808)	(3.24)
IGSB	2,757	20.33	17,312	54.32	33,078	88.72	18,533	49.72	12,839	51.47
ISSB	2,295	16.92	(258)	(0.81)	(627)	(1.68)	(259)	(0.70)	(175)	(0.70)
IMSB	(64)	(0.47)	(204)	(0.64)	1,762	4.73	8,756	23.49	15,668	62.81
IPMSB	240	1.77	103	0.32	13	0.03	(99)	(0.27)	202	0.80
G&A	53	0.39	(166)	(0.52)	(1,096)	(2.94)	1,385	3.72	(1,182)	(4.74)
IISB	(1)	(0.01)	(2)	(0.01)	(10)	(0.03)	(3)	(0.01)	(3)	(0.01)
IFSB	256	1.89	(11)	(0.03)	(97)	(0.26)	(388)	(1.04)	19	0.08
IVSB ^(b)	766	5.65	1,607	5.04	420	1.13	(122)	(0.33)	(105)	(0.42)
ICSB ^(b)	-	-	(166)	(0.52)	(74)	(0.20)	(155)	(0.41)	1,003	4.02
ITSSB	-	-	-	-	(5)	(0.01)	(26)	(0.07)	365	1.46
IUSB	-	-	-	-	-	-	(4)	(0.01)	(3)	(0.01)
Sunlink	-	-	-	-	-	-	-	-	(441)	(1.77)
	13,275	97.89	32,540	102.10	37,454	100.46	38,428	103.09	26,410	105.87
Consolidation Adjustments	286	2.11	(671)	(2.10)	(170)	(0.46)	(1,153)	(3.09)	(1,465)	(5.87)
	13,561	100.00	31,869	100.00	37,284	100.00	37,275	100.00	24,945	100.00

Notes:-

(a) Immaterial.

(b) Share of profit after tax of associated companies.

10. FINANCIAL INFORMATION (Cont'd)• **PBT Margin**

	Audited				
	FYE 2005	FYE 2006	FYE 2007	FYE 2008	FYE 2009
	%	%	%	%	%
Ivory	-	-	-	-	-
IASB	15.79	37.51	34.28	45.81	(1.62)
IGSB	23.58	42.44	36.81	14.98	21.11
ISSB	20.68	(1,720)	-	-	-
IMSB	-	-	31.57	36.10	36.87
IPMSB	21.54	9.46	0.89	(5.24)	7.72
G&A	2.26	(6.49)	(76.75)	30.85	(63.21)
IISB	-	-	-	-	-
IFSB	15.39	(2.11)	(6.63)	(65.32)	1.27
IVSB	31.85	51.91	33.67	-	-
ICSB	-	-	-	-	22.63
ITSSB	-	-	-	-	82.97
IUSB	-	-	-	-	-
Sunlink	-	-	-	-	(46.62)
Overall PBT margin	21.90	41.03	34.01	24.17	20.61

(c) PBT and PBT Margin Analysis by Projects• **PBT**

	Audited									
	FYE 2005		FYE 2006		FYE 2007		FYE 2008		FYE 2009	
	RM'000	%	RM'000	%	RM'000	%	RM'000	%	RM'000	%
Projects										
Tanjung Park	2,592	19.11	394	1.23	(5)	(0.01)	50	0.13	28	0.11
Plaza Ivory and Palace Hill	3,434	25.32	(147)	(0.46)	(627)	(1.68)	(321)	(0.86)	(166)	(0.67)
The View Twin Towers	3,582	26.41	13,684	42.94	5,388	14.45	313	0.84	(24)	(0.10)
Penang Times Square	3,563	26.27	18,644	58.50	31,287	83.92	27,866	74.76	15,909	63.78
Moonlight Bay	(63)	(0.46)	(450)	(1.41)	1,597	4.28	8,421	22.59	11,489	46.06
Island Resort	-	-	(186)	(0.58)	(326)	(0.87)	(39)	(0.10)	(402)	(1.61)
Aston Villa	-	-	-	-	-	-	44	0.12	7	0.03
Zen @ The View	-	-	-	-	-	-	973	2.61	(485)	(1.94)
Other projects	461	3.40	-	-	-	-	-	-	-	-
	13,569	100.05	31,939	100.22	37,314	100.09	37,307	100.09	26,356	105.66
Retailing	-	-	-	-	-	-	-	-	(436)	(1.75)
Others*	(8)	(0.05)	(70)	(0.22)	(30)	(0.09)	(32)	(0.09)	(975)	(3.91)
Total	13,561	100.00	31,869	100.00	37,284	100.00	37,275	100.00	24,945	100.00

Note:-

* Comprising operating expenses from subsidiaries and/or associated companies which have yet to undertake any projects/commence active operations.

10. FINANCIAL INFORMATION (Cont'd)• **PBT Margin**

	Audited				
	FYE 2005	FYE 2006	FYE 2007	FYE 2008	FYE 2009
	%	%	%	%	%
Projects					
Tanjung Park	28.85	29.12	(1.22)	10.59	2.28
Plaza Ivory and Palace Hill	26.08	(29.17)	(126.41)	(49.69)	(86.01)
The View Twin Towers	13.08	39.07	58.52	31.91	(4.96)
Penang Times Square	30.48	45.71	34.82	22.51	25.14
Moonlight Bay	-	-	28.61	34.71	25.83
Island Resort	-	-	(8.03)	(2.37)	(3.66)
Aston Villa	-	-	-	-	-
Zen @ The View	-	-	-	39.33	(80.83)
Other projects	67.69	-	-	-	-
	21.90	41.03	34.01	24.17	21.95
Retailing	-	-	-	-	(46.09)
Others*	-	-	-	-	-
Overall PBT margin	21.90	41.03	34.01	24.17	20.61

Note:-

* Comprising operating expenses from subsidiaries and/or associated companies which have yet to undertake any projects/commence active operations.

(d) Commentaries on PBT and PBT Margin

Our commentaries on our Group's PBT and PBT margin are as follows:-

FYE 2006 vs FYE 2005

Our PBT increased by approximately RM18.31 million or approximately 135.03% from approximately RM13.56 million in FYE 2005 to approximately RM31.87 million in FYE 2006 whilst our PBT margin increased by approximately 19.13% from approximately 21.90% in FYE 2005 to approximately 41.03% in FYE 2006. The increase in PBT and PBT margin are in line with our increase in revenue, GP and GP margin. The increase is also due to the increase in share of results of associated companies as explained in Section 10.3.1(viii) above.

FYE 2007 vs FYE 2006

Our PBT increased by approximately RM5.41 million or approximately 16.98% from approximately RM31.87 million in FYE 2006 to approximately RM37.28 million in FYE 2007 despite our PBT margin decreased by approximately 7.02% from approximately 41.03% in FYE 2006 to approximately 34.01% in FYE 2007. The increase in PBT is in line with our increase in revenue and GP whilst the decrease in PBT margin is in line with our decrease in GP margin.

10. FINANCIAL INFORMATION (Cont'd)**FYE 2008 vs FYE 2007**

There is no major fluctuation in our PBT of RM37.28 million in FYE 2008 as compared to FYE 2007 despite the increase in our revenue and GP mainly due to higher general and administrative expenses incurred during the year as compared to FYE 2007. However, our PBT margin decreased by approximately 9.84% from approximately 34.01% in FYE 2007 to approximately 24.17% in FYE 2008 in line with our decrease in GP margin.

FYE 2009 vs FYE 2008

Our PBT decreased by approximately RM12.33 million or approximately 33.07% from approximately RM37.28 million in FYE 2008 to approximately RM24.95 million in FYE 2009 whilst our PBT margin decreased by approximately 3.56% from approximately 24.17% in FYE 2008 to approximately 20.61% in FYE 2009. The decrease in PBT is in line with our decrease in revenue and GP whilst the decrease in PBT margin is mainly due to the increase in the following operating expenses despite the decrease in revenue:-

- (aa) the increase in depreciation charges for the FYE 2009 as a result of the acquisition of the air conditioning chilled water plant amounting to approximately RM9.45 million by our Group in November 2008;
- (bb) the increase in selling and marketing expenses as our Group has increased our advertisements and promotional expenses for the Penang Times Square - Phase 1 and Phase 2, Moonlight Bay - Phase 1 and Phase 2, and Island Resort - Phase 2 projects;
- (cc) the increase in general and administrative expenses due to the increase in staff headcounts and its related expenses, i.e. staff costs, to support the increase in our Group's activities following the launch of the Moonlight Bay - Phase 2 and Island Resort - Phase 2 projects in 2008; and
- (dd) the increase in finance costs for additional term loans drawn down in FYE 2009.

(x) Taxation

The statutory tax rate for our Group for FYE 2005 and FYE 2006 was 28% while the statutory tax rates for FYE 2007, FYE 2008 and FYE 2009 were 27%, 26% and 25% respectively.

Our commentaries on our Group's taxation are as follows:-

FYE 2006 vs FYE 2005

Our taxation increased by approximately RM5.85 million or approximately 166.19% from approximately RM3.52 million in FYE 2005 to approximately RM9.37 million in FYE 2006 in line with our increase in PBT. The increase was also due to the increase in disallowed expenses.

10. FINANCIAL INFORMATION (Cont'd)**FYE 2007 vs FYE 2006**

Our taxation increased by approximately RM1.41 million or approximately 15.05% from approximately RM9.37 million in FYE 2006 to approximately RM10.78 million in FYE 2007 in line with our increase in PBT. The increase was also due to the increase in disallowed expenses despite the decrease in statutory tax rate from 28% for Year of Assessment 2006 to 27% for Year of Assessment 2007.

FYE 2008 vs FYE 2007

Our taxation decreased by approximately RM0.38 million or approximately 3.53% from approximately RM10.78 million in FYE 2007 to approximately RM10.40 million in FYE 2008 despite no major fluctuation in our PBT. The decrease was mainly due to the decrease in tax rate from 27% for Year of Assessment 2007 to 26% for Year of Assessment 2008.

FYE 2009 vs FYE 2008

Our taxation decreased by approximately RM2.62 million or approximately 25.19% from approximately RM10.40 million in FYE 2008 to approximately RM7.78 million in FYE 2009 in line with our decrease in PBT. The decrease was also due to the reduction in statutory tax rate from 26% for Year of Assessment 2008 to 25% for Year of Assessment 2009.

(xi) PAT

Our commentaries on our Group's PAT are as follows:-

FYE 2006 vs FYE 2005

Our PAT increased by approximately RM12.46 million or approximately 124.10% from approximately RM10.04 million in FYE 2005 to approximately RM22.50 million in FYE 2006 in line with our increase in PBT.

FYE 2007 vs FYE 2006

Our PAT increased by approximately RM4.00 million or approximately 17.78% from approximately RM22.50 million in FYE 2006 to approximately RM26.50 million in FYE 2007 in line with our increase in PBT.

FYE 2008 vs FYE 2007

Our PAT increased by approximately RM0.37 million or approximately 1.40% from approximately RM26.50 million in FYE 2007 to approximately RM26.87 million in FYE 2008 despite that there was no major fluctuation in our PBT. The increase was mainly due to the decrease in our taxation following the reduction in statutory tax rates.

10. FINANCIAL INFORMATION (Cont'd)**FYE 2009 vs FYE 2008**

Our PAT decreased by approximately RM9.70 million or approximately 36.10% from approximately RM26.87 million in FYE 2008 to approximately RM17.17 million in FYE 2009 in line with our decrease in PBT.

10.3.2 Factors and Trends Affecting Future Financial Conditions and Results

We expect that our results of operations for the financial year ending 31 December 2010 will be influenced by the following factors:-

- The success of our sales of our development properties;
- The ability to complete our future development projects within the intended time frame;
- Our continuing cost management efforts to improve operating margins and maintain adequate operating cash flows;
- The rate of economic growth in Malaysia, especially with respect to Penang, as well as the purchasing power of its residents;
- A predictable and stable regulatory environment; and
- General economic and property market conditions.

After taking into consideration the risk factors relating to our business and industry and our ability to mitigate such risk factors as set out in Section 3 of this Prospectus, we are of the opinion that our future financial conditions and results are favourable.

Our competitive strengths and advantages as set out in Section 4.5 of this Prospectus provide the foundation for the sustainability of our business and financial growth. Our future plans and strategies as set out in Section 4.19 of this Prospectus will further contribute to sustainable growth for our business.

10.3.3 Significant Factors Affecting Profits**(i) Demand and Supply Conditions**

Our Group's revenue and profit are dependent on the demand of our development properties and supply of our raw materials. The demand and supply condition for the Property Development Industry is set out in Section 4.18.9 and the Independent Market Research Report set out in Section 13 of this Prospectus.

(ii) Fluctuation in Prices of Raw Materials

Our Group relies on the continuous supply of raw materials such as cement, concrete products, clay and refractory construction materials, glass products, iron and steel, non-ferrous metals and wood at reasonable prices.

Fluctuating costs is an inherent risk in the Property Development Industry. Our operations are subject to increases in expenses due to a number of factors including, but not limited to, the following:-

- increase in construction, repair and maintenance costs;
- changes in statutory laws, regulations or government policies which increase the cost of compliance with such laws, regulations or policies;

10. FINANCIAL INFORMATION (Cont'd)

- increase in labour costs;
- increase in marketing and sales costs; and
- increase in the rates of inflation and/or interest rates.

Any increase in operating expenses may affect our profit margin where the selling prices of our properties are fixed. Even if we are able to increase the selling prices of our development properties, demand for our properties may in turn be adversely affected. Furthermore, if costs of raw materials escalate after the sale of the properties to the customer, we are unable to factor such increase in our selling prices. If, for any reason, suppliers of these raw materials reduce, curtail, delay or discontinue their delivery of such materials to our projects in the quantities we need and at competitive prices, our ability to meet our material requirements for our projects could be impaired, our construction schedules disrupted and our business and results of operations could be materially and adversely affected.

Hence, any significant changes to the supply and price of raw materials may adversely affect our Group's operations and profitability.

Notwithstanding the above, with the close working relationship with our Group's suppliers, our Board is of the opinion that our Group will be able to continually source raw materials at competitive prices. Further, our Group has the flexibility to engage other suppliers should the need arise.

(iii) Changes in Regulatory, Political and Economic Conditions

Our Group will be affected should there be any form of regulatory, political, fiscal and economic changes in Malaysia such as the changes in interest rates and the willingness of financial institutions to grant financing for the purchase of properties, changes in duties, tax laws or rates as well as any adverse effects in political influences. As there is no assurance that we will be able to comply with all of these changes, should they occur, especially those which may be newly introduced by the relevant authorities, this may cause our business and financial performance to be affected. Aside from that, any changes in the performance of the real estate markets in Penang may also affect our business and financial performance.

(iv) Uncontrollable and Unforeseen Delays in Project Launching and Completion

Timely completions of development projects are crucial. Any delay in project completion would be costly. Nevertheless, development projects are highly dependent on many unpredictable external factors, which may be beyond the control of our Group, including unfavourable economic conditions, obtaining approvals from various regulatory authorities and satisfactory performance to complete the development projects. As any delay in the completion of projects may directly impact on our Group's profitability and reputation, the Directors and key management personnel of our Group monitor the project schedules closely so that such delays are minimised. Our ability to execute our projects in a timely and cost effective manner is also crucial to attract the appropriate strategic partners, investors and other participants in the Property Development Industry, where necessary.

10. FINANCIAL INFORMATION (Cont'd)**(v) Reputation of Our Group**

The single largest key competitive factor of a property developer is its reputation and reliability in delivering timely and quality products. To date, our Group has established ourselves and made significant strides into the luxury lifestyle segment in the property sector in Penang by the successful launches of our Group's luxury development projects such as Penang Times Square, Moonlight Bay and Island Resort. We have continued to focus our efforts to deliver projects of high quality on a timely basis. Any inability of our Group in delivering the desired quality products in a timely manner may result in an adverse change to our reputation, which in turn may adversely affect our sales order book and future financial performance.

10.3.4 Material Changes in Sales/ Revenue

A discussion on the reasons on material changes in our revenue for the past five (5) FYE 2005 to FYE 2009 is set out in Section 10.3.1 of this Prospectus.

10.3.5 Impact of Foreign Exchange/ Interest Rates/ Commodity Prices

Our business operations and customers are primarily within Malaysia. Although we have foreigners who purchased our development properties, the foreigners are billed in RM and their amount of payments for our development properties were received in equivalent to the selling price that they have to pay in RM. As such, there is no material impact of foreign exchange on the operating profits of our Group for the past five (5) FYE 2005 to FYE 2009. Accordingly, we do not require any hedging policies nor have we entered into any forward contracts in respect of our foreign exchange exposure.

As at LPD, our Group's total short-term and long-term bank borrowings amounted to approximately RM125.86 million. All the bank borrowings of our Group are interest bearing. Given that the interest charged on bank borrowings is dependent on interest rates and the total outstanding loans, future fluctuation of interest rates could affect our Group's profitability.

Certain raw materials used by our Group are commodities of which the prices fluctuate according to world prices. In some situations, increases in the price of raw materials might not be immediately passed onto the end-users. If costs of raw materials escalate after the sale of the properties to the customer, we are unable to factor such increase in our selling prices. This may impact on the margins of our Group. However, in order to ensure constant supply of our raw materials and to ensure our purchases at competitive rates, our Group endeavours to maintain long-term relationships with our suppliers.

There was no material impact of foreign exchange, interest rates and commodity prices on our historical profits for the financial years under review.

10.3.6 Impact of Inflation

There was no material impact of inflation on our Group's historical financial results for the past five (5) FYE 2005 to FYE 2009.

10.3.7 Exceptional and Extraordinary Items

There were no exceptional and extraordinary items for the past five (5) FYE 2005 to FYE 2009.

10. FINANCIAL INFORMATION (Cont'd)**10.3.8 Government/ Economic/ Fiscal/ Monetary Policies**

Risks relating to government, economic, fiscal or monetary policies or factors which may materially affect our operations are as set out in Section 3 of this Prospectus.

There is no material impact of government, economic, fiscal or monetary policies or factors on our historical profits for the past five (5) FYE 2005 to FYE 2009.

10.4 LIQUIDITY AND CAPITAL RESOURCES**10.4.1 Working Capital**

For the financial years under review, i.e. FYE 2005 to FYE 2009, we financed the growth of our business and our business activities mainly from cash generated from our operations, share capital, credit from suppliers and shareholders' advances, as well as bank borrowings.

Our net current assets comprise mainly inventories, trade and other receivables and cash and cash equivalents. As at 31 December 2009, we have cash and cash equivalents of approximately RM12.10 million. Our inventory turnover period were 150 days, 229 days, 112 days, 325 days and 255 days in FYE 2005, FYE 2006, FYE 2007, FYE 2008 and FYE 2009 respectively. Our trade receivables turnover in FYE 2005, FYE 2006, FYE 2007, FYE 2008 and FYE 2009 were 122 days, 59 days, 48 days, 74 days and 95 days respectively. Our Group's debt to equity ratio as at 31 December 2009 is 1.04 times.

Based on our past financial performance as well as our future prospects and after taking into account of the net proceeds from the issue of Shares pursuant to the Rights Issue and Public Issue, our Directors are of the opinion that our Group will have sufficient working capital for a period of twelve (12) months from the date of this Prospectus.

10.4.2 Cash Flow

A summary of our Group's proforma cash flow statement for the FYE 2009 is as follows:-

	FYE 2009 RM'000
Net cash used in operating activities	(24,389)
Net cash used in investing activities	(8,915)
Net cash generated from financing activities	36,781
Net increase in cash and cash equivalents	3,477
Cash and cash equivalents at beginning of the financial year	(3,418)
Cash and cash equivalents at end of the financial year	59

Our Directors are of the opinion that there are no economic restrictions on the ability of our subsidiaries to transfer funds to our Company in the form of cash dividends, loans or advances and we can reasonably meet our cash obligations.

10. FINANCIAL INFORMATION (Cont'd)**Net cash used in operating activities**

For the FYE 2009, net cash used in operating activities of approximately RM24.39 million mainly due to payments to suppliers and contractors following the completion of Penang Times Square - Phase 1 project and for on-going construction works at Penang Times Square - Phase 2, Moonlight Bay - Phase 1 and Phase 2, and Island Resort - Phase 2 projects.

The increase in working capital was due to the increase in cash inflows arising from a decrease of approximately RM11.10 million and approximately RM5.60 million in receivables and inventories respectively offset by a decrease of approximately RM28.62 million in payables whilst our property development costs increased by approximately RM36.52 million. Our Group paid income tax of approximately RM7.00 million for the FYE 2009.

Net cash used in investing activities

For the FYE 2009, net cash used in investing activities amounted to approximately RM8.92 million mainly due to purchase of property, plant and equipment and investment in properties which in aggregate amounted to approximately RM2.70 million and RM6.85 million respectively.

Net cash generated from financing activities

For the FYE 2009, net cash generated from financing activities amounted to approximately RM36.78 million mainly due to the drawn down of term loans of approximately RM76.59 million whilst repayment of our bank borrowings amounted to approximately RM33.69 million.

10.4.3 Borrowings

As at LPD, the total bank borrowings of our Group in the form of term loans, bridging loans, bank overdrafts and hire purchases amounted to approximately RM125.86 million. All the bank borrowings of our Group are interest bearing. Our Group does not have any non-interest bearing borrowings.

Our Group's borrowings can be analysed further as follows:-

Borrowings	Amount RM'000	Amount RM'000
Group		
Long term borrowings		
• Interest bearing	81,792	
• Non-interest bearing	-	
		81,792
Short term borrowings		
• Interest bearing	44,068	
• Non-interest bearing	-	
		44,068
Total Borrowings		125,860
Gearing ratio*		1.11

10. FINANCIAL INFORMATION (Cont'd)

Note:-

- * *Computed based on our total outstanding borrowings divided by our proforma shareholders' equity as at 31 December 2009 of approximately RM113.84 million (after the Subdivision, Acquisitions and Rights Issues but before Public Issue and utilisation of proceeds).*

Our Group has no foreign currency borrowings.

Our Group has not defaulted 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 LPD.

10.4.4 Breach of Terms and Conditions/ Covenants Associated with Credit Arrangement/ Bank Loan

To the best of our Directors' knowledge, as at LPD, neither we nor our subsidiaries are in breach of any terms and conditions or covenants associated with credit arrangements or bank loans, which can materially affect our financial position and results or business corporations, or the investments by holders of securities in our Company and/or our subsidiaries.

10.4.5 Types of Financial Instrument Used

As at FYE 2005 to FYE 2009, our Group's financial instruments consist mainly of cash and bank balances, trade and other receivables, trade and other payables, and borrowings. The abovementioned financial instruments are used in our Group's ordinary course of business.

Our Group does not enter into any sophisticated financial instruments, which is outside our ordinary course of business. Our Group is not exposed to fluctuation in foreign exchange rates and as at LPD, we do not have nor are we using any financial instruments for hedging purposes.

10.4.6 Treasury Policies and Objective

We have been financing our operations through a combination of cash generated from operations, share capital, credit from suppliers and shareholders' advances. In addition, our external sources of funds comprise mainly secured long term and short-term bank borrowings.

We have short-term and long-term bank borrowings facilities available to our Group. Our short-term bank borrowings comprise mainly bank overdrafts and hire purchases, which are used to finance working capital, purchases and to defray other expenses such as staff salaries and allowances, sales and marketing expenses, purchase and upkeep of equipment, transportation and travelling expenses. The interest rates for our short-term bank borrowings are based on the market rates prevailing at the dates of the respective transactions.

Our long-term bank borrowings are mainly bridging loans and term loans obtained to finance capital expenditure and property development activities. The interest rates for our term loans are based on the prevailing base lending rate plus a margin agreed upon by our bankers when the respective term loans were granted.

10. FINANCIAL INFORMATION (Cont'd)

Our Group does not generally hedge interest rate risks. Hedging of risks through the use of financial instruments may be adopted should its use results in significant cost savings. It is the policy of our Group that the interest rates obtained must be competitive.

We conduct our operations in RM and as such, our Group is not exposed to foreign exchange. Accordingly, we do not have any hedging policies nor have we entered into any forward contracts in respect of any foreign exchange exposure. Our cash and cash equivalents are maintained in RM.

10.4.7 Material Commitments

As at LPD, save as disclosed below, our Directors are not aware of any material commitments for capital expenditure, which upon becoming enforceable may have a material effect on the financial position of our Group:-

	RM'000
Purchase of property, plant and equipment	97
Purchase of development land	43,000
	43,097

The above commitments will be financed via our internally generated funds and/or bank borrowings.

10.4.8 Material Litigation/ Arbitration and Contingent Liabilities**(i) Material Litigation/ Arbitration**

Save as disclosed below, as at LPD, neither our Company nor our subsidiaries are engaged in any material litigation and arbitration, either as plaintiff or defendant, which has a material effect on the financial position of our Company or our subsidiaries and our Directors are not aware of any proceedings pending or threatened or of any facts likely to give rise to any proceedings which may materially and adversely affect the financial position or business of our Company or our subsidiaries.

Penang High Court Civil Suit No. 22-240-2008

Ivory Indah Sdn Bhd vs Krishna Kumar S/O T.N. Sharma

IISB has filed this case in its capacity as plaintiff against the defendant, Krishna Kumar S/O T.N. Sharma, claiming Specific Performance of agreements dated 6 August 2007 and 30 January 2008 for the sale and purchase of a piece of land known as Geran No. 1272, Lot No. 2838, Mukim 18, Daerah Timur Laut, Penang ("Land") with a total land area of approximately 53 acres or alternatively, for damages in lieu or in addition to Specific Performance.

The defendant in turn has filed a Counter Claim to resist the suit and claimed for loss of profits projected in an earlier joint venture to develop the Land. The Defendant is counterclaiming to declare the agreements for the sale and purchase of the Land as null and void and to claim for loss of profit.

10. FINANCIAL INFORMATION (Cont'd)

The case is still at its infancy at Case Management and no date has been set down for trial. The Directors of IISB and our Company are confident that the company will be successful in its claim for Specific Performance.

(ii) Contingent Liabilities

As at LPD, save as disclosed below, our Directors are not aware of any material contingent liabilities, which upon becoming enforceable may have a material impact on the financial position of our Group:-

	RM'000 Total limit
Completed development properties charged to third party for banking facilities	2,119
Corporate guarantees issued to financial institutions for banking facilities	151,256
	153,375

10.4.9 Key Financial Ratios

The key financial ratios of our Group based on our audited proforma consolidated financial statements for the FYE 2005 to FYE 2009 are as follows:-

	FYE 2005	FYE 2006	FYE 2007	FYE 2008	FYE 2009
Trade receivables turnover period (days)*	122	59	48	74	95
Trade payables turnover period (days)*	49	80	40	55	95
Inventory turnover period (days)*	150	229	112	325	255

Note:-

* Based on closing balance.

10.4.10 Trade Receivables

The ageing analysis of our Group's trade receivables as at 31 December 2009 is as follows:-

	Within Credit Period RM'000	Exceeding Credit Period By			Total RM'000
		0-30 days RM'000	31-60 days RM'000	> 60 days RM'000	
Trade receivables	26,736	1,142	337	3,202	31,417
% of trade receivables	85.10	3.64	1.07	10.19	100.00

The normal credit period given to our customers ranges from 14 to 60 days for both local customers and foreign customers. The credit terms granted to our customers for purchase of properties are determined based on the terms as stated in the sales and purchase agreements while amount due from contract customers are determined on a case-to-case basis.

10. FINANCIAL INFORMATION (Cont'd)

The decrease in trade receivables turnover period for the FYE 2006 and FYE 2007 is mainly due to lump sum settlements made by our joint venture partner who was responsible to undertake collections from the purchasers of The View Twin Towers project whilst the increase in trade receivables turnover period for the FYE 2008 and FYE 2009 is mainly due to amount owing by a contract customer for construction of a clubhouse for the Island Resort - Phase 1 project.

For the last five (5) FYE 2005 to FYE 2009, our Group did not make any material allowance for doubtful debts in our financial statements, nor did we have any material bad debts written off as the trade receivables are supported by the properties being purchased. In the event that the purchasers are not able to settle the amount owed by them, we could opt to sell or auction the properties after adequate and appropriate measures have been taken.

As at LPD, approximately RM3.54 million which is equivalent to approximately 75.64% of the total trade receivables balances exceeding the credit period of approximately RM4.68 million has been collected. The remaining uncollected trade receivables balances exceeding credit period amounting to approximately RM1.14 million are mainly due to the cancelled sale of one (1) unit of condominium (condo-villas) from the Moonlight Bay project of approximately RM0.20 million whilst the balance of approximately RM0.94 million is mainly due to late settlement by the purchasers of the Moonlight Bay project including a certain purchaser who need time to make the necessary arrangements and to fulfil certain requirements imposed by the financial institutions to settle his account which have resulted in our trade receivables exceeding the credit period.

10.4.11 Trade Payables

The ageing analysis of our Group's trade payables as at 31 December 2009 is as follows:-

	Within Credit Period		Exceeded Credit Period > 61 days	Total
	0-30 days	31-60 days		
	RM'000	RM'000	RM'000	RM'000
Trade payables	4,292	3,728	10,489	18,509
% of trade payables	23.19	20.14	56.67	100.00

The normal credit period given by our suppliers ranges from 30 to 60 days.

Save for FYE 2006 and FYE 2009, the turnover period for trade payables is within the credit period granted by our suppliers throughout the financial years under review. The trade payables turnover period for FYE 2006 and FYE 2009 are higher mainly due to higher trade payables as at respective year ends as a result of costs incurred for Penang Times Square - Phase 1 and Phase 2, and Moonlight Bay - Phase 1 and Phase 2 projects.

In view of the good relationship with our major suppliers, there were no significant matters in dispute with respect to trade payables for the past five (5) financial years under review and there was no legal action initiated by any one of our suppliers to demand for payment.

10. FINANCIAL INFORMATION (Cont'd)

10.4.12 Inventories

Inventories held by our Group mainly comprise of completed development properties.

The inventories turnover period of our Group are 150 days, 229 days, 112 days, 325 days and 255 days for the FYE 2005, FYE 2006, FYE 2007, FYE 2008 and FYE 2009 respectively. The inventory turnover period is higher throughout the financial years under review mainly due to our management's strategy to hold and sell the inventories in stages. The properties of the Group are being launched in stages with different set of pricing. The prices of the properties are progressively increased in later launches once the projects have gained market acceptances.

10.5 TREND INFORMATION

As at LPD, to the best of our Directors' knowledge and belief, our operations have not been and are not expected to be affected by any of the following:-

- (i) known trends, demands, commitments, events or uncertainties that have had or that we reasonably expect to have a material favourable or unfavourable impact on our Group's financial performance, position and operations other than those disclosed in this Section and Sections 3 and 4 of this Prospectus;
- (ii) material commitments for capital expenditures, save as set out in Section 10.4.7 of this Prospectus;
- (iii) unusual, infrequent events or transactions or any significant economic changes that have materially affected the financial performance, position and operations of our Group, save as disclosed in this Section and Section 3 of this Prospectus;
- (iv) known trends, demands, commitments, events or uncertainties that have resulted in a material impact on our Group revenue and/or profits save for those that have been disclosed in this Section and Sections 4.18 and 4.19 of this Prospectus;
- (v) known trends, demands, commitments, events or uncertainties that are reasonably likely to make our Group's historical financial statements not indicative of the future financial performance and position other than those disclosed in this Section and Section 3 of this Prospectus; and
- (vi) known trends, demands, commitments, events or uncertainties that have had or that we reasonably expect to have, a material favourable or unfavourable impact on our Group's liquidity and capital resources, other than those discussed in this Section, Sections 3 and 4 of this Prospectus.

Our Board is optimistic about the future prospects of our Group and the outlook of the Property Development Industry due to the factor set out in Section 4.18 of this Prospectus, in consideration of our Group's competitive strengths as set out in Section 4.5 of this Prospectus, the factors and trends affecting our future financial conditions and results as set out in Sections 10.3.2, 10.3.3 and 10.3.4 of this Prospectus, and our Group's dedication to implement the future plans and strategies as set out in Section 4.19 of this Prospectus.

10. FINANCIAL INFORMATION (Cont'd)

The nature of the business is such that property sales are commonly on a one-off basis. However, repeat business is not uncommon when past customers purchase additional properties. This is due to our Group's established reputation for quality and reliability of developments undertaken. As such, we do not envisage long term visibility for future order book.

As at LPD, our order book for the next three (3) months stands at approximately RM157.13 million. These orders are however subject to cancellation, deferral or rescheduling by our customers. As such, our order book as at any particular date may not be indicative of our revenue for any succeeding period.

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10. FINANCIAL INFORMATION (Cont'd)

10.6 REPORTING ACCOUNTANTS' LETTER ON THE PROFORMA CONSOLIDATED PROFIT FORECAST OF OUR COMPANY FOR THE FYE 2010

(Prepared for inclusion in the Prospectus)



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Chartered Accountants
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42, Jalan Sultan Ahmad Shah
10050 Penang, Malaysia.

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Fax +60 (4) 227 1888
Internet www.kpmg.com.my

The Board of Directors
Ivory Properties Group Berhad
Suite 2-1, 2nd Floor
Menara Penang Garden
42A Jalan Sultan Ahmad Shah
10050 Penang

9 July 2010

Dear Sirs

**Ivory Properties Group Berhad (“Ivory” or “The Company”)
Reporting accountants’ letter on the proforma consolidated profit forecast for the year ending 31 December 2010**

We have reviewed the proforma consolidated profit forecast of Ivory and its subsidiaries (“Ivory Group” or “the Group”) for the year ending 31 December 2010 as set out in the accompanying statement (which we have stamped for the purpose of identification) in accordance with the Standard on Auditing AI3400 – The Examination of Prospective Financial Information (previously known as AI810) applicable to the review of forecasts. The consolidated profit forecast has been prepared for inclusion in the Prospectus of Ivory dated 12 July 2010 in connection with the listing of and quotation for the entire issued and paid-up share capital of Ivory, comprising 186,000,000 ordinary shares of RM0.50 each (“Shares”) on the Main Market of Bursa Malaysia Securities Berhad (“Bursa Securities”), which include the proposed public issue of 44,899,000 new Shares and the proposed offer for sale of 16,170,000 Shares to Bumiputera investors approved by the Ministry of International Trade and Industry (“MITI”) at an issue/offer price of RM1.00 per Share payable in full upon application and should not be relied on for any other purposes.

Our review has been undertaken to enable us to form an opinion as to whether the consolidated profit forecast is, in all material respects, properly prepared on the basis of the assumptions made by the Directors and is presented on a basis consistent with the accounting policies adopted and disclosed by the Group in its audited financial statements for the year ended 31 December 2009. The Directors of Ivory are solely responsible for the preparation and presentation of the consolidated profit forecast, and the assumptions on which the proforma consolidated profit forecast is based.

Forecast, in this context, means prospective financial information prepared on the basis of assumptions as to future events which management expects to take place and the actions which management expects to take as of the date the information is prepared (best-estimate assumptions). While information may be available to support the assumptions on which the forecast is based, such information is generally future oriented and therefore uncertain. Thus, actual results are likely to be different from the forecast since anticipated events frequently do not occur as expected and the variation could be material.

10. FINANCIAL INFORMATION (Cont'd)



Subject to the matters stated in the preceding paragraphs:-

- (i) nothing has come to our attention which causes us to believe that the assumptions made by the Directors, as set out in the accompanying statement, do not provide a reasonable basis for the preparation of the consolidated profit forecast; and
- (ii) in our opinion, the consolidated profit forecast, so far as the calculations are concerned, is properly prepared on the basis of the assumptions made by the Directors and is presented on a basis consistent with the accounting policies adopted and disclosed by the Group in its audited financial statements for the year ended 31 December 2009.

Yours faithfully

A handwritten signature in black ink, appearing to be 'W. L. ...', positioned above the KPMG logo.

Firm Number: AF 0758
Chartered Accountants

A handwritten signature in black ink, appearing to be 'Ooi Kok Seng', positioned above the name.

Ooi Kok Seng
Partner
Approval Number : 2432/05/11(J)

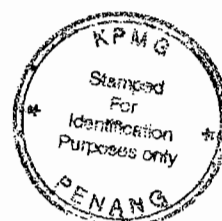
10. FINANCIAL INFORMATION (Cont'd)**10.7 PROFORMA CONSOLIDATED PROFIT FORECAST AND ASSUMPTIONS OF OUR COMPANY FOR THE FYE 2010***(Prepared for inclusion in the Prospectus)***IVORY PROPERTIES GROUP BERHAD
AND ITS PROPOSED SUBSIDIARIES
("Ivory Group" or "the Group")****PROFORMA CONSOLIDATED PROFIT FORECAST
FOR THE FINANCIAL YEAR ENDING 31 DECEMBER 2010**

On a proforma basis, the Directors forecasted that the proforma consolidated profit forecast for the financial year ending 31 December 2010 on the assumption that Ivory Group had implemented the proposals set out in assumption (y) below will be as follows :-

	Forecast 2010 RM'000
Revenue	<u>181,671</u>
Consolidated profit before taxation ("Consol PBT")	45,218
Tax expense	<u>(11,359)</u>
Profit for the year ("Consol PAT")	<u>33,859</u>
	After Proposed Public Issue
Enlarged issued and paid-up share capital after the proposed public issue ('000)	186,000
<i>Basic Earnings Per Share ("EPS") based on the enlarged issued and paid-up share capital</i>	
- Gross EPS (sen) ¹	24.31
- Net EPS (sen) ²	18.20
<i>Price Earnings ("PE") Multiple based on the issue price of RM 1.00 per ordinary share</i>	
- Gross PE Multiple (times) ³	4.11
- Net PE Multiple (times) ⁴	5.49

Notes :

- ¹ ~ Based on Consol PBT over the enlarged issued and paid-up share capital after the proposed public issue.
² ~ Based on Consol PAT over the enlarged issued and paid-up share capital after the proposed public issue.
³ ~ Based on issue price of RM1.00 over Gross EPS.
⁴ ~ Based on issue price of RM1.00 over Net EPS.



10. FINANCIAL INFORMATION (Cont'd)

**IVORY PROPERTIES GROUP BERHAD
AND ITS PROPOSED SUBSIDIARIES
("Ivory Group" or "the Group")**

**PROFORMA CONSOLIDATED PROFIT FORECAST
FOR THE FINANCIAL YEAR ENDING 31 DECEMBER 2010**

BASES AND ASSUMPTIONS

The principal bases and assumptions upon which the consolidated profit forecast has been arrived at are set out below:

- a) There will be no significant changes in the existing and intended principal activities, key management and operating structure of the Group.
- b) There will be no significant changes in the accounting policies adopted by the Group as disclosed in the audited financial statements for the year ended 31 December 2009.

IC Interpretation 15 replaces the existing FRS 201₂₀₀₄, Property Development Activities and provides guidance on how to account for revenue from construction of real estate. The adoption of IC Interpretation 15 will result in a change in accounting policy which will be applied retrospectively whereby the recognition of revenue from property development activities of the Group will change from the percentage of completion method to the completed method. IC Interpretation 15 will be effective for financial year ending 31 December 2011.

Had IC Interpretation 15 been applied by the Group for the financial year ending 2010, the forecasted profit before tax will be decreased by approximately RM11.12 million.

- c) There will be no changes in the Ivory Group structure for the year ending 31 December 2010 other than the Ivory Acquisitions mentioned in paragraph (y) below.
- d) There will be no material setback in the growth of the Malaysian and global economy and political conditions which will adversely affect the operations of the Group.
- e) There will be no significant changes in the present government regulations and legislations, direct or indirect taxes and duties, which will adversely affect the operations of the Group or the markets in which it operates.
- f) There will be no unexpected problems that may affect the completion of the Group's various development and construction projects.
- g) There will be no significant changes in the existing key personnel and management of the Group that will adversely affect the marketing capability and level of activities of the Group.



10. FINANCIAL INFORMATION (Cont'd)**BASES AND ASSUMPTIONS (Cont'd)**

- h) There will be no significant changes in operating expenses including wages, cost of supplies, administrative and overhead expenses and other costs other than as forecasted.
- i) There will be no liquidated ascertained damages payable for all the projects undertaken by Ivory Group.
- j) There will be no cancellation of sales for those signed Sale and Purchase Agreements for the Group's on-going projects.
- k) The forecasted revenue and related costs are based on the forecast of Directors after taking into consideration the present conditions of selling prices and related costs of the Group. There will be no material changes to the forecasted selling price, sales mix, sales volume and profit margins.

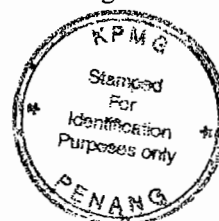
The sales analysis for the financial year ending 2010 of the Group is forecasted as follows:

	%
<u>By Activity</u>	
Property development and construction	98
Services (eg property management, consultancy service, etc)	2
Total	100

The forecasted revenue is based on the forecasted sales of current developed and ongoing development projects as follows:

	Forecasted % of completion	Forecasted no. of units sold
<u>Completed project</u>		
Penang Times Square-Phase 1		
- Commercial	NA	0 unit
- Condominium	NA	7 units
<u>On-going projects</u>		
Penang Times Square-Phase 2		
- Commercial	95%	6 units
- Condominium	90%	31 units
Moonlight Bay		
- Villas	100%	9 units
- Condominium	100%	6 units
Island Resort		
- Condominium	50%	47 units
Mount Erskine Development		
- The Peak Residences	20%	494 units
- Taman Bukit Erskine	20%	564 units

The forecasted revenue for Ivory Gleneary Sdn Bhd and Ivory Meadows Sdn Bhd which are the 2 main subsidiaries of the Group, contribute approximately 72% of the property development revenue of the Group for the financial year ending 31 December 2010.



10. FINANCIAL INFORMATION (Cont'd)**BASES AND ASSUMPTIONS (Cont'd)**

- l) The planned development and construction costs will not be adversely affected by any abnormal circumstances or significant increase in cost of building materials. There will be no significant disruptions in the supply of building materials.
- m) There will be no significant changes in the prevailing market conditions that will adversely affect the future demand for properties.
- n) Existing financing facilities will remain available to the Group with no significant changes in the interest rates from those presently prevailing. In addition, the Group will be able to obtain sufficient financing facilities for working capital purposes, if necessary.
- o) The bases of taxation will be consistent with their present levels. The Malaysian income tax rate relevant to the Group is expected to be at 25% for 2010.
- p) There will be no material contingent liabilities arising during the forecasted year which may materially affect the forecast. The Group will not be engaged in any material litigation and there will be no legal proceedings against the Group which will adversely affect the results of the Group.
- q) Capital expenditure program will be implemented and incurred on schedule and there will be no material acquisitions or disposal of property, plant and equipment other than those included in the forecast.
- r) There will be no major capital and revenue cost item variations that are beyond the control of the Group and there will be no significant changes in labour and other operating costs.
- s) Goodwill arises on business combinations and is measured at cost less any accumulated impairment losses.
- t) All trade debts arising from the sale of goods or services are collectible and those known to be doubtful have been adequately provided for.
- u) The existing terms and conditions of contracts and agreements entered into by the Group will remain in force.
- v) Interest rates will remain at the present level.
- w) All inventories are stated at the lower of cost and net realisable value.
- x) Related party transactions are entered in the normal course of business and the terms of which are established on a negotiated basis which is no less favorable than those arranged with independent third parties.



10. FINANCIAL INFORMATION (Cont'd)**BASES AND ASSUMPTIONS (Cont'd)**

y) In conjunction with, and as an integral part of Ivory's listing scheme, Ivory has implemented the following proposals:

i) Subdivision

Ivory undertook a subdivision of 2 ordinary shares of RM1.00 each into 4 new ordinary shares of RM0.50 each ("Shares") on the basis of two (2) new ordinary shares of RM0.50 each for every one (1) existing ordinary share of RM1.00 each held ("Subdivision").

The Subdivision was completed on 11 March 2010.

ii) Acquisition of Subsidiaries and Associates ("Ivory Acquisitions")

Ivory acquired the following companies :

Name of Company	No. of Ordinary Shares of RM1.00 Each	Interest %	Purchase Consideration RM	No. of Ivory Shares Issued
Ivory Associates Sdn Bhd ("IASB")	6,500,000	100	102,118,975	84,395,847
Ivory Meadows Sdn Bhd ("IMSB")	1,000,000	100	8,296,299	6,856,445
Ivory Square Sdn Bhd ("ISSB")	1,920,000	100	8,727,778	7,213,040
Ivory Property Management Services Sdn Bhd ("IPMSB")	100,000	100	222,422	183,820
G&A Consultancy Sdn Bhd ("G&A")	100,000	100	495,081	409,158
Ivory Gleneary Sdn Bhd ("IGSB")	1,200,000	40	49,425,357	40,847,403
Ivory Indah Sdn Bhd ("IISB")	250,000	100	228,378	188,742
Ivory Furniture & Interior Sdn Bhd ("IFSB")	100,000	100	59,247	48,964
Ivory Continental Sdn Bhd ("ICSB")	980,000	49	214,647	177,394
Ivory Villas Sdn Bhd ("IVSB")	490,000	49	943,851	780,042
Total	12,640,000		170,732,035	141,100,855

Name of Company	No. of Ordinary Shares of RM1.00 Each	Interest %	Purchase Consideration RM	Cash Consideration RM
Ivory Times Square Sdn Bhd ("ITSSB")	2	100	2	2
Ivory Utilities Sdn Bhd ("IUSB")	2	100	2	2
Sunlink Properties Sdn Bhd ("Sunlink")	100,000	100	100,000	100,000
Total	100,004		100,004	100,004

The above Ivory Acquisitions were completed on 11 March 2010. The Ivory Acquisitions resulted in the issued and paid-up share capital of Ivory being increased from 4 Shares to 141,100,859 Shares.



10. FINANCIAL INFORMATION (Cont'd)**BASES AND ASSUMPTIONS (Cont'd)**

iii) Acquisition of 60% of IGSB

Upon completion of the Ivory Acquisitions, Ivory acquired 60% of the issued and paid-up share capital of IGSB comprising 1,800,000 ordinary shares of RM1.00 each for a cash consideration of RM1,800,000 from IASB. The purchase consideration of IGSB is based on the cost of investment of IASB in IGSB of RM1,800,000.

The above Acquisition of 60% of IGSB was completed on 11 March 2010. The Ivory Acquisitions and Acquisition of 60% of IGSB are hereinafter collectively referred to as the "Acquisitions".

iv) Rights Issue

Upon completion of the Acquisitions, Ivory undertook a rights issue of 141 new Shares at the issue price of RM1.21 per Share to all the existing shareholders of Ivory on the basis of approximately ten (10) new Shares for every existing ten million (10,000,000) Shares held in Ivory after the Ivory Acquisitions ("Rights Issue").

The Rights Issue was completed on 15 March 2010. The Rights Issue resulted in the issued and paid-up share capital of Ivory being further increased from 141,100,859 Shares to 141,101,000 Shares.

v) Initial Public Offering ("IPO")

1) Public Issue

The Public Issue of 44,899,000 new Shares at the issue price of RM1.00 per Share ("Public Issue Shares") will be allocated and allotted in the following manner:-

(a) Malaysian Public

9,300,000 Public Issue Shares, representing 5.0% of the enlarged issued and paid-up share capital, to be allotted via balloting will be made available for application by Malaysian Public, of which at least 50% is to be set aside strictly for Bumiputera individuals, companies, societies, co-operatives and institutions.

(b) Eligible Directors, Employees and Business Associates of the Group

1,000,000 Public Issue Shares, representing approximately 0.54% of the enlarged issued and paid-up share capital will be reserved for the eligible Directors, employees and business associates (which include the suppliers, sales agents, customers and others) of the Group.

(c) Bumiputera Investors

570,000 Public Issue Shares, representing approximately 0.31% of the enlarged issued and paid-up share capital will be reserved for Bumiputera investors approved by the MITI.



10. FINANCIAL INFORMATION (Cont'd)

BASES AND ASSUMPTIONS (Cont'd)

(d) Private Placement

34,029,000 Public Issue Shares, representing approximately 18.30% of the enlarged issued and paid-up share capital are reserved by way of private placement to selected investors (who are deemed public).

2) Offer For Sale

The Offer For Sale of 16,170,000 Shares representing approximately 8.69% of the enlarged issued and paid-up share capital at the offer price of RM1.00 per Share ("Offer Shares") will be reserved for Bumiputera investors approved by MITI.

vi) Listing

Upon completion of the abovementioned Subdivision, Acquisitions, Rights Issue and IPO, Ivory will seek a listing of and quotation for its entire enlarged issued and paid-up share capital comprising 186,000,000 Shares on the Main Market of Bursa Securities.

- aa) The estimated share issue expenses of RM3,400,000 will be allocated to both the new shares and existing shares on a rational and consistent basis and set off against share premium account and charged out to the income statement respectively.



10. FINANCIAL INFORMATION (Cont'd)**10.8 DIRECTORS' COMMENTS ON THE PROFORMA CONSOLIDATED PROFIT FORECAST**

Our Directors forecast that our proforma consolidated profit forecast for the FYE 2010 will be as follows:-

FYE	Forecast 2010 RM'000
Revenue	181,671
Consolidated PBT	45,218
Taxation	(11,359)
Consolidated PAT	33,859
Enlarged issued and paid-up share capital ('000) ^(a)	186,000
- Gross EPS (sen) ^(b)	24.31
- Net EPS (sen) ^(c)	18.20
Gross PE Multiple (times) ^{(b)(d)}	4.11
Net PE Multiple (times) ^{(c)(d)}	5.49

Notes:-

- (a) Based on our enlarged issued and paid-up share capital of 186,000,000 Shares after the IPO.
 (b) Based on the consolidated PBT.
 (c) Based on the consolidated PAT.
 (d) Based on the IPO Price.

Our proforma consolidated profit forecast has been prepared based on our Directors' assessment of the present economic and operating conditions, and a number of estimation and assumptions regarding future events and actions which, at the date the forecast was approved, our Directors expect to take place. These future events may or may not take place. The principal bases and assumptions upon which the proforma consolidated profit forecast has been prepared are set out in Section 10.7 of this Prospectus.

Forecast, by its nature, are subject to uncertainties and unexpected events, many of which are outside the control of our Group and our Directors. Also, events and circumstances often do not occur as anticipated and therefore actual results are likely to differ from the forecast, and the differences may be material and may materially affect the financial information forecasted. Accordingly, our Directors cannot and do not guarantee the achievement of the forecast. Notwithstanding the uncertainties and hypothetical assumptions associated with our forecasts, the proforma consolidated profit forecast for the FYE 2010 has been prepared with due care, skill and objectivity so as to represent the stated assumptions and not to purport unreasonable hypotheses and assumptions.

10. FINANCIAL INFORMATION (Cont'd)

Our Board expects our Group's revenue to increase in FYE 2010 resulting from the expected sales of our Group's development properties due to the expected rise in demand for our Group's development properties such as Penang Times Square - Phase 2 and Moonlight Bay - Phase 2 projects and increase in the recognition of the forecasted percentage of completion of work of our Group's development projects. Henceforth, the forecasted revenue for FYE 2010 is expected to be approximately RM181.67 million (FYE 2009: approximately RM121.02 million) representing an increase of approximately 50.12%.

The forecasted GP and GP margin is expected to be approximately RM66.69 million and approximately 36.71% respectively (FYE 2009: GP of approximately RM49.34 million and GP margin of approximately 40.77%), representing an increase of approximately 35.16% in GP with a decrease of approximately 4.06% in GP margin. The increase in GP for FYE 2010 is in tandem with the increase in our forecasted revenue as follows:-

- (i) the expected increase in recognition of sales of the Penang Times Square - Phase 2 project after taking into consideration the forecasted selling prices and demand for the respective units of the project as follows:-

Project	FYE 2009		FYE 2010	
	No. of Units	Unit Price Range RM'000	No. of Units	Unit Price Range RM'000
Penang Times Square - Phase 2 - Residential	38	355 - 749	31	394 - 776
- Commercial	2	495 - 1,040	6	514 - 9,130

- (ii) the expected increase in recognition of sales of the Moonlight Bay - Phase 1 and Phase 2 project following the expected completion in FYE 2010 after taking into consideration the forecasted selling prices and demand for the respective units of the projects as follows:-

Project	FYE 2009		FYE 2010	
	No. of Units	Unit Price Range RM'000	No. of Units	Unit Price Range RM'000
Moonlight Bay - Phase 1 (Villas)	1	2,484	9	2,691 - 3,438
Moonlight Bay - Phase 2 (Condominium)	-	974 onwards	6	1,239 - 1,389

- (iii) the expected increase in recognition of construction revenue of the Island Resort - Phase 2 and the Mount Erskine Development - Phase 1 projects, i.e. The Peak Residences and Taman Bukit Erskine, following the forecasted increase in percentage of completion during the year as follows:-

Projects	FYE 2009	FYE 2010
	Percentage of Completion %	Percentage of Completion %
Island Resort - Phase 2	13.93	36.07
Mount Erskine Development - Phase 1 - The Peak Residences	-	20.00
- Taman Bukit Erskine	-	20.00

10. FINANCIAL INFORMATION (Cont'd)

The GP margin for FYE 2010 is expected to decrease mainly due to the higher GP margin generated for FYE 2009 as a result of the reversal of main contractor fees over charged and accruals for defects liability following the first expiration of defects liability period in FYE 2009 as explained in Section 10.3.1(ii)(c) of this Prospectus.

The forecasted PBT and PBT margin for FYE 2010 is expected to be approximately RM45.22 million and 24.89% respectively (FYE 2009: PBT of approximately RM24.95 million and PBT margin of approximately 20.61%), representing an increase of approximately 81.24% in PBT and an increase of approximately 4.28% in PBT margin. The expected increase in the PBT is in tandem with the expected increase in our Group's revenue and GP as explained above.

The PBT margin for FYE 2010 is expected to increase although there is an expected reduction in the GP margin mainly due to:-

- (i) forecasted reduction in finance cost following the repayment of bank borrowings; and
- (ii) higher forecasted share of profit of associated companies in respect of the Island Resort - Phase 2 and the Mount Erskine Development - Phase 1 projects, i.e. The Peak Residences and Taman Bukit Erskine.

Due to the nature of the business and industry in which our Group operates, our customers do not place secured/ long-term contracts/ orders with us. The nature of the business is such that property sales are commonly on a one-off basis. However, repeat business is not uncommon when past customers purchase additional properties. As such, we are unable to anticipate any long term orders from our purchasers.

Our Board confirms that the proforma consolidated profit forecast for the FYE 2010 of our Company and the underlying bases and assumptions set out in Section 10.7 of this Prospectus have been reviewed by our Directors after due and careful enquiries, and that our Directors, having taken into account the future prospects of the industry, the future direction of our Group and our level of gearing, liquidity and working capital requirements, are of the opinion that the proforma consolidated profit forecast for the FYE 2010 are achievable and the assumptions made are reasonable.

Nevertheless, in the light of the current economic environment in Malaysia, regionally and globally, certain assumptions, take-up sales of the remaining units of completed projects or newly launched projects, which will directly or indirectly be affected by any change in the prevailing economic conditions and present government regulations and legislations, may differ significantly from the date of this Prospectus and this may have a material impact on our proforma consolidated profit forecast for the FYE 2010.

In line with the inherent uncertainties of the proforma consolidated profit forecast for the FYE 2010, our Board is of the view that the main vulnerability, in so far as the achievement of the said proforma consolidated profit forecast are concerned, are:-

- (a) Variation in revenue; and
- (b) Variation in cost of sales.

Hence, we have set out in Section 10.10 of this Prospectus the sensitivity analysis of our proforma consolidated profit forecast for the FYE 2010 based on the assumptions set out in Section 10.7 of this Prospectus and on the assumption that all other things remain unchanged, save for the factors set out in (a) and (b) above.

10. FINANCIAL INFORMATION (Cont'd)

10.9 DIVIDEND POLICY

It will be our Directors' policy to allow our shareholders to participate in the profits of our Group as well as leaving adequate reserves for the future growth of our Group.

Notwithstanding the above, our ability to pay dividends or make other distributions to our shareholders is subject to various factors, such as having profits and excess funds not required to be retained to fund our business. Our Directors will also take into consideration, amongst others, of the following factors when recommending dividends for approval by our shareholders or when declaring any interim dividends:-

- (i) the availability of adequate distributable reserves and cash flows;
- (ii) our operating cash flow requirements and financing commitments;
- (iii) our anticipated future operating conditions, as well as future expansion, capital expenditure and investment plans;
- (iv) any material impact of tax laws and other regulatory requirements; and
- (v) the prevailing interest rates and yields of the financial market.

Any declaration and payment of dividends in the future will be at the discretion of the Board. There is no assurance on whether the dividend distributions will occur as intended, the amount of dividend payment or timing of such payments.

No inference should or can be made from any of the foregoing statements as to our actual future profitability or our ability to pay dividends in the future.

Kindly refer to Section 3 of this Prospectus for risks relating to payment of dividends.

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10. FINANCIAL INFORMATION (Cont'd)**10.10 SENSITIVITY ANALYSIS**

The following sensitivity analysis is prepared by the management of our Group and has not been independently verified by the Reporting Accountants. It is based on the forecast and assumptions set out in Section 10.7 of this Prospectus and assuming all factors remaining unchanged except for the 5% and 10% upward or downward variations in the revenue and cost of sales. Notwithstanding the impact of the variations in the revenue and cost of sales as outlined here, there may be other factors which have not been taken into account, the variations of which may have a significant effect, either positively or negatively, on the financials of our Group. The sensitivity analysis is as follows:-

10.10.1 Variations in Revenue

The sensitivity analysis on revenue is prepared based on the assumption that all other things remain unchanged except for the 5% and 10% upward and downward variations in the revenue of our Group.

	Revenue RM'000	Cost of Sales RM'000	GP RM'000	PBT RM'000	PAT RM'000	GP Margin %
As Forecasted	181,671	(114,985)	66,686	45,218	33,859	36.71
Up to 10%	199,838	(114,985)	84,853	63,385	52,026	42.46
Up to 5%	190,755	(114,985)	75,770	54,302	42,943	39.72
Down 5%	172,587	(114,985)	57,602	36,134	24,775	33.38
Down 10%	163,504	(114,985)	48,519	27,051	15,692	29.67

10.10.2 Variations in Cost of Sales

The sensitivity analysis on cost of sales is prepared based on the assumption that all other things remain unchanged except for the 5% and 10% upward and downward variations in the cost of sales of our Group.

	Revenue RM'000	Cost of Sales RM'000	GP RM'000	PBT RM'000	PAT RM'000	GP Margin %
As Forecasted	181,671	(114,985)	66,686	45,218	33,859	36.71
Up to 10%	181,671	(126,484)	55,187	33,719	22,360	30.38
Up to 5%	181,671	(120,734)	60,937	39,469	28,110	33.54
Down 5%	181,671	(109,236)	72,435	50,967	39,608	39.87
Down 10%	181,671	(103,487)	78,184	56,716	45,357	43.04

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10. FINANCIAL INFORMATION (Cont'd)

10.11 REPORTING ACCOUNTANTS' LETTER ON THE PROFORMA CONSOLIDATED FINANCIAL INFORMATION

(Prepared for inclusion in the Prospectus)



KPMG (Firm No. AF 0758)
Chartered Accountants
1st Floor, Wisma Penang Garden
42, Jalan Sultan Ahmad Shah
10050 Penang, Malaysia.

Telephone +60 (4) 227 2288
Fax +60 (4) 227 1888
Internet www.kpmg.com.my

The Board of Directors
Ivory Properties Group Berhad
Suite 2-1, 2nd Floor
Menara Penang Garden
42-A, Jalan Sultan Ahmad Shah
10050 Penang

9 July 2010

Dear Sirs

**Ivory Properties Group Berhad (“Ivory” or “the Company”)
Reporting accountants' letter on the proforma consolidated financial information**

We report on the proforma consolidated financial information of Ivory and its subsidiaries (“Ivory Group” or “the Group”), which we have stamped for the purpose of identification; in connection with the listing of and quotation for the entire issued and paid-up share capital of Ivory on the Main Market of Bursa Malaysia Securities Berhad and should not be relied on for any other purposes.

The proforma consolidated financial information have been prepared for illustrative purposes only on the basis of assumptions as set out in Section 9 of this report and after making certain adjustments to show what:

- i) the financial results of Ivory Group for the financial years ended 31 December 2005, 31 December 2006, 31 December 2007, 31 December 2008 and 31 December 2009 would have been if the Group structure as of the date of lodgement of the Prospectus had been in place since the beginning of the years being reported thereon;
- ii) the financial position of Ivory Group as of 31 December 2009 would have been if the Group structure as of the date of lodgement of the Prospectus had been in place on that date; and
- iii) the cash flows of Ivory Group for the financial year ended 31 December 2009 would have been if the Group structure as of the date of lodgement of the Prospectus had been in place since the beginning of the financial year ended 31 December 2009.

Responsibilities

It is solely the responsibility of the Board of Directors of Ivory Group to prepare the proforma consolidated financial information in accordance with the requirements of the Securities Commission’s Prospectus Guidelines – Equity and Debt (“Guidelines”). Our responsibility is to form an opinion as required by the Guidelines on the proforma consolidated financial information and to report our opinion to you based on our work.

10. FINANCIAL INFORMATION (Cont'd)



Responsibilities (Cont'd)

We do not accept any responsibility for any reports previously given by us on any financial information used in the compilation of the proforma information beyond that is owed to those to whom those reports were addressed by us at the dates of their issue.

Basis of our opinion

Our work, which involved no independent examination of any of the underlying financial information, consisted primarily of comparing the proforma consolidated financial statements to the audited financial statements of Ivory Group for the years/periods as set out in Section 3.1.1(i) of this report, and considering the evidence supporting the adjustments and discussing the proforma consolidated financial information with the Directors of Ivory.

The proforma consolidated financial information for Ivory Group for financial year ended 31 December 2009 was prepared based on the audited financial statements.

Our work does not constitute an audit or review being performed in accordance with applicable Approved Standards on Auditing in Malaysia and accordingly should not be relied upon as if it has been carried out in accordance with those standards.

The proforma consolidated financial information, because of its nature, may not be a true picture of Ivory Group's actual financial results, financial position and cash flows had the transactions occurred in those aforementioned financial years.

In our opinion:

- i) the proforma consolidated financial information have been properly prepared from the audited financial statements of Ivory and its subsidiaries in accordance with Financial Reporting Standards in Malaysia and in a manner consistent with both the format of the financial statements and the accounting policies adopted by Ivory Group;
- ii) such basis is consistent with the accounting policies (as set out in Section 6.2 of this report) adopted by Ivory Group;
- iii) each material adjustment made to the information used in the preparation of the proforma consolidated financial information is appropriate for the purposes of preparing the proforma consolidated financial information; and
- iv) the proforma consolidated financial information have been properly prepared on the basis of assumptions stated (as set out in Section 9 of this report).

Yours faithfully,

KPMG
Firm No : AF : 0758
Chartered Accountants

Ooi Kok Seng
Partner
Approval Number : 2432/05/11 (J)

10. FINANCIAL INFORMATION (Cont'd)**10.12 PROFORMA CONSOLIDATED FINANCIAL INFORMATION***(Prepared for inclusion in the Prospectus)***1. INTRODUCTION**

The summarised proforma consolidated financial information, comprising the proforma consolidated income statements for the financial years ended 31 December 2005, 31 December 2006, 31 December 2007, 31 December 2008 and 31 December 2009, the proforma consolidated balance sheets as at 31 December 2009, the proforma consolidated cash flow statement for the year ended 31 December 2009, the statement of assets and liabilities as at 31 December 2009 and the notes thereto, have been prepared for submission to the Securities Commission in connection with the listing of Ivory on the Main Market of Bursa Malaysia Securities Berhad ("Bursa Securities").

2. PROPOSALS

In conjunction with, and as an integral part of the listing and quotation for the entire issued and paid-up capital of Ivory on the Main Market of Bursa Securities, Ivory will undertake the following exercises:

2.1 Subdivision

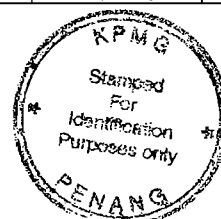
Ivory undertook a subdivision of 2 ordinary shares of RM1.00 each into 4 new ordinary shares of RM0.50 each ("Shares") on the basis of two (2) new Shares for every one (1) existing ordinary share of RM1.00 each held ("Subdivision").

The Subdivision was completed on 11 March 2010.

2.2 Acquisition of Subsidiaries and Associates ("Ivory Acquisitions")

Ivory acquired the following companies :

Name of Company	No. of Ordinary Shares of RM1.00 Each	Interest %	Purchase Consideration RM	No. of Ivory Shares Issued
Ivory Associates Sdn Bhd ("IASB")	6,500,000	100	102,118,975	84,395,847
Ivory Meadows Sdn Bhd ("IMSB")	1,000,000	100	8,296,299	6,856,445
Ivory Square Sdn Bhd ("ISSB")	1,920,000	100	8,727,778	7,213,040
Ivory Property Management Services Sdn Bhd ("IPMSB")	100,000	100	222,422	183,820
G&A Consultancy Sdn Bhd ("G&A")	100,000	100	495,081	409,158
Ivory Gleneary Sdn Bhd ("IGSB")	1,200,000	40	49,425,357	40,847,403
Ivory Indah Sdn Bhd ("IISB")	250,000	100	228,378	188,742
Ivory Furniture & Interior Sdn Bhd ("IFSB")	100,000	100	59,247	48,964
Ivory Continental Sdn Bhd ("ICSB")	980,000	49	214,647	177,394
Ivory Villas Sdn Bhd ("IVSB")	490,000	49	943,851	780,042
Total	12,640,000		170,732,035	141,100,855



10. FINANCIAL INFORMATION (Cont'd)**2. PROPOSALS (Cont'd)****2.2 Acquisition of Subsidiaries and Associates ("Ivory Acquisitions") (Cont'd)**

Name of Company	No. of Ordinary Shares of RM1.00 Each	Interest %	Purchase Consideration RM	Cash consideration RM
Ivory Times Square Sdn Bhd ("ITSSB")	2	100	2	2
Ivory Utilities Sdn Bhd ("IUSB")	2	100	2	2
Sunlink Properties Sdn Bhd ("Sunlink")	100,000	100	100,000	100,000
Total	100,004		100,004	100,004

The above Ivory Acquisitions were completed on 11 March 2010. The Ivory Acquisitions resulted in the issued and paid-up share capital of Ivory being increased from 4 Shares to 141,100,859 Shares.

2.3 Acquisition of 60% of IGSB

Upon completion of the Ivory Acquisitions, Ivory acquired 60% of the issued and paid-up share capital of IGSB comprising 1,800,000 ordinary shares of RM1.00 each for a cash consideration of RM1,800,000 from IASB. The purchase consideration of IGSB is based on the cost of investment of IASB in IGSB of RM1,800,000.

The above Acquisition of 60% of IGSB was completed on 11 March 2010. The Ivory Acquisitions and Acquisition of 60% of IGSB are hereinafter collectively referred to as the "Acquisitions".

2.4 Rights Issue

Upon completion of the Acquisitions, Ivory undertook a rights issue of 141 new Shares at the issue price of RM1.21 per Share to all the existing shareholders of Ivory on the basis of approximately ten (10) new Shares for every existing ten million (10,000,000) Shares held in Ivory after the Ivory Acquisitions ("Rights Issue").

The Rights Issue was completed on 15 March 2010. The Rights Issue resulted in the issued and paid-up share capital of Ivory being further increased from 141,100,859 Shares to 141,101,000 Shares.

2.5 Initial Public Offering ("IPO")**2.5.1 Public Issue**

The Public Issue of 44,899,000 new Shares ("Public Issue Shares") at the issue price of RM1.00 per Share ("Public Issue") will be allocated and allotted in the following manner:-

(a) Malaysian Public

9,300,000 Public Issue Shares, representing 5.0% of the enlarged issued and paid-up share capital, to be allotted via balloting will be made available for application by Malaysian Public, of which at least 50% is to be set aside strictly for Bumiputera individuals, companies, societies, co-operatives and institutions.



10. FINANCIAL INFORMATION (Cont'd)

2 PROPOSALS (Cont'd)

2.5 Initial Public Offering ("IPO") (Cont'd)

2.5.1 Public Issue (Cont'd)

(b) Eligible Directors, Employees and Business Associates of the Group

1,000,000 Public Issue Shares, representing approximately 0.54% of the enlarged issued and paid-up share capital will be reserved for the eligible Directors, employees and business associates (which include the suppliers, sales agents, customers and others) of the Group.

(c) Bumiputera Investors

570,000 Public Issue Shares, representing approximately 0.31% of the enlarged issued and paid-up share capital will be reserved for Bumiputera investors approved by the Ministry of International Trade and Industry ("MITI").

(d) Private Placement

34,029,000 Public Issue Shares, representing approximately 18.30% of the enlarged issued and paid-up share capital are reserved by way of Private Placement to selected investors (who are deemed public).

2.5.2 Offer For Sale

The Offer For Sale of 16,170,000 Shares ("Offer Shares") representing approximately 8.69% of the enlarged issued and paid-up share capital at the offer price of RM1.00 per Share will be reserved for Bumiputera investors approved by MITI.

2.6 Listing

Upon completion of the abovementioned Subdivision, Acquisitions, Rights Issue and IPO, Ivory will seek a listing of and quotation for its entire enlarged issued and paid-up share capital comprising 186,000,000 Shares on the Main Market of Bursa Securities Malaysia Berhad ("Bursa Malaysia").



10. FINANCIAL INFORMATION (Cont'd)**3. SUMMARISED PROFORMA CONSOLIDATED INCOME STATEMENTS OF IVORY GROUP**

3.1 The summarised proforma consolidated income statements of Ivory Group for the past five (5) financial years ended 31 December 2005, 31 December 2006, 31 December 2007, 31 December 2008 and 31 December 2009 have been prepared for illustrative purposes assuming that the Ivory Group had been in existence throughout the financial years under review.

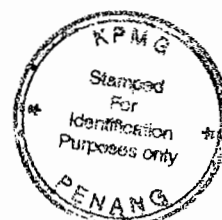
	Financial year ended				
	31.12.05 RM'000	31.12.06 RM'000	31.12.07 RM'000	31.12.08 RM'000	31.12.09 RM'000
Revenue	61,915	77,673	109,615	154,250	121,017
Profit before depreciation and interest	14,692	32,751	39,821	41,020	31,779
Depreciation	(1,085)	(1,178)	(1,395)	(1,908)	(3,253)
Interest expense	(812)	(1,144)	(1,488)	(1,560)	(4,478)
Profit before tax and share of results of associates	12,795	30,429	36,938	37,552	24,048
Share of results of associates	766	1,440	346	(277)	897
Profit before taxation	13,561	31,869	37,284	37,275	24,945
Tax expense - Company and its subsidiaries	(3,520)	(9,367)	(10,782)	(10,402)	(7,779)
Profit for the year	10,041	22,502	26,502	26,873	17,166
Number of ordinary shares assumed in issue ('000) ⁽¹⁾	141,101	141,101	141,101	141,101	141,101
Gross profit (RM'000)	22,301	41,917	51,750	54,891	49,339
Gross profit margin (%) ⁽²⁾	36.02	53.97	47.21	35.59	40.77
Profit before tax (PBT) margin (%) ⁽³⁾	21.90	41.03	34.01	24.17	20.61
Profit after tax (PAT) margin (%) ⁽⁴⁾	16.22	28.97	24.18	17.42	14.18
Gross earnings per share (sen)	9.61	22.59	26.42	26.42	17.68
Net earnings per share (sen)	7.12	15.95	18.78	19.05	12.17

(1) Based on the number of shares assumed in issue after the Subdivision and Acquisitions

(2) Gross profit over revenue

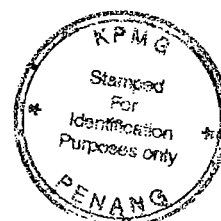
(3) Profit before taxation over revenue

(4) Profit for the year over revenue



10. FINANCIAL INFORMATION (Cont'd)**3. SUMMARISED PROFORMA CONSOLIDATED INCOME STATEMENTS OF IVORY GROUP (Cont'd)****3.1.1 Notes to the Summarised Proforma Consolidated Income Statements of Ivory Group**

- i) The summarised proforma consolidated income statements of Ivory Group for the financial years ended 31 December 2005, 31 December 2006, 31 December 2007, 31 December 2008 and 31 December 2009 are prepared for illustrative purposes only and are based on the audited financial statements of the following companies for the respective years mentioned below, after making relevant adjustments deemed necessary under the circumstances as set out in (ii) below:
- (a) Ivory for the financial period ended 31 December 2005, financial years ended 31 December 2006, 31 December 2007, 31 December 2008 and 31 December 2009;
 - (b) IASB and its subsidiary, IGSB ("IASB Group") for the financial years ended 31 December 2005, 31 December 2006, 31 December 2007, 31 December 2008 and 31 December 2009;
 - (c) IMSB for the financial years ended 31 December 2005, 31 December 2006, 31 December 2007, 31 December 2008 and 31 December 2009;
 - (d) ISSB for the financial years ended 31 December 2005, 31 December 2006, 31 December 2007, 31 December 2008 and 31 December 2009;
 - (e) IPMSB for the financial year ended 30 June 2005, financial period ended 31 December 2006, financial years ended 31 December 2007, 31 December 2008 and 31 December 2009;
 - (f) G&A for the financial years ended 31 December 2005, 31 December 2006, 31 December 2007, 31 December 2008 and 31 December 2009;
 - (g) IISB for the financial year ended 31 August 2005, financial period ended 31 December 2006, financial years ended 31 December 2007, 31 December 2008 and 31 December 2009;
 - (h) IFSB for the financial period ended 31 December 2005, financial years ended 31 December 2006, 31 December 2007, 31 December 2008 and 31 December 2009;
 - (i) ITTSB for the financial period ended 31 December 2007, financial years ended 31 December 2008 and 31 December 2009;
 - (j) IUSB for the financial period ended 31 December 2008 and financial year ended 31 December 2009;



10. FINANCIAL INFORMATION (Cont'd)**3. SUMMARISED PROFORMA CONSOLIDATED INCOME STATEMENTS OF IVORY GROUP (Cont'd)****3.1.1 Notes to the Summarised Proforma Consolidated Income Statements of Ivory Group (Cont'd)**

- (k) Sunlink for the financial period ended 31 December 2009;
- (l) IVSB for the financial years ended 31 December 2005, 31 December 2006, 31 December 2007, 31 December 2008 and 31 December 2009; and
- (m) ICSB for the financial years ended 31 December 2005, 31 December 2006, 31 December 2007, 31 December 2008 and 31 December 2009.

ii) The relevant adjustments deemed necessary under the circumstances are set out below:

- (a) Non-coterminous year end
Adjustments have been made to the income statements of IPMSB, IISB and IFSB on a prorated basis as the financial year ends for these companies are not coterminous with the Ivory Group in the financial years ended 31 December 2005 and 31 December 2006;
- (b) Change in accounting policy
Change in accounting policy on profit recognition of property development activities from the progress billing method to the stage of completion method measured by reference to the proportion that property development costs incurred for work performed to date bear to the estimated total property development costs in the year 2005;
- (c) Elimination of intragroup transactions
Adjustments have been made to eliminate inter group transactions in all years/period under review. Such transactions include:
 - i) Main contractors' fees charged by IASB to ISSB and IMSB for the financial years ended 31 December 2005, 31 December 2006, 31 December 2007, 31 December 2008 and 31 December 2009;
 - ii) Rental of office charged by IASB to G&A, ISSB and IFSB for the financial year ended 31 December 2007;
 - iii) Rental of office charged by IGSB to IASB, G&A, IFSB, IPM and ITSSB for the financial years ended 31 December 2005, 31 December 2006, 31 December 2007, 31 December 2008 and 31 December 2009;
 - iv) Management fees charged by IASB to IFSB for the financial year ended 31 December 2005;



10. FINANCIAL INFORMATION (Cont'd)**3. SUMMARISED PROFORMA CONSOLIDATED INCOME STATEMENTS OF IVORY GROUP (Cont'd)****3.1.1 Notes to the Summarised Proforma Consolidated Income Statements of Ivory Group (Cont'd)**

- v) Security charges charged by IPMSB to IASB and IGSB for the financial years ended 31 December 2005, 31 December 2006, 31 December 2007, 31 December 2008 and 31 December 2009;
- vi) Consultant fees charged by G&A to IASB, ISSB, IGSB and IMSB for the financial years ended 31 December 2005, 31 December 2006, 31 December 2007, 31 December 2008 and 31 December 2009;
- vii) Interior design works charged by IFSB to IASB, ISSB and IMSB for the financial year ended 31 December 2007;
- viii) Cleaning charges charged by IPMSB to IGSB, IMSB and Sunlink for the financial year ended 31 December 2009; and
- ix) General work charges charged by IPMSB to IASB for the financial year ended 31 December 2009.

d) Other adjustments

Additional assessment in respect of under provision of tax of RM271,195 and tax penalty of RM149,705 imposed in respect of year assessment 2003 and which were taken up in the audited financial statements of IASB in year 2005.

- iii) There were no extraordinary or exceptional items for all the years under review.
- iv) The proforma gross earnings per share has been calculated based on the profit before taxation and on the assumption that the issued and paid-up share capital of the Ivory Group of 141,100,859 Shares had been in issue throughout the years under review.
- v) The proforma net earnings per share has been calculated based on the profit after taxation and on the assumption that the issued and paid-up share capital of the Ivory Group of 141,100,859 Shares had been in issue throughout the years under review.



10. FINANCIAL INFORMATION (Cont'd)**3. SUMMARISED PROFORMA CONSOLIDATED INCOME STATEMENTS OF IVORY GROUP (Cont'd)**

3.1.1 The adjustments as stated in Note 3.1.1 (ii) above have been reflected in the respective financial years on the proforma Ivory Group as follows:

3.1.1.1 Financial year ended 31 December 2005

	Aggregate Proforma Ivory Group RM'000	Proforma adjustments RM'000	Proforma Ivory Group RM'000
Revenue	<u>65,970</u>	(4,055)	<u>61,915</u>
Profit before depreciation and interest	22,447	(7,755)	14,692
Depreciation	(1,085)		(1,085)
Interest expense	(812)		(812)
Profit before tax and share of results of associates	<u>20,550</u>		<u>12,795</u>
Share of results of associates	766		766
Profit before taxation	<u>21,316</u>		<u>13,561</u>
Tax expense - Company and its subsidiaries	(6,173)		(3,520)
Profit for the year	<u>15,143</u>	(5,102)	<u>10,041</u>

Notes:

Refer Note 3.1.2 for details of the proforma adjustments.



10. FINANCIAL INFORMATION (Cont'd)**3. SUMMARISED PROFORMA CONSOLIDATED INCOME STATEMENTS OF IVORY GROUP (Cont'd)**3.1.1.2 Financial year ended 31 December 2006

	Aggregate Proforma Ivory Group RM'000	Proforma adjustments RM'000	Proforma Ivory Group RM'000
Revenue	82,808	(5,135)	77,673
Profit before depreciation and interest	33,320	(569)	32,751
Depreciation	(1,178)		(1,178)
Interest expense	(1,144)		(1,144)
Profit before tax and share of results of associates	30,998		30,429
Share of results of associates	1,440		1,440
Profit before taxation	32,438		31,869
Tax expense - Company and its subsidiaries	(9,346)		(9,367)
Profit for the year	23,092	(590)	22,502

Notes:

Refer Note 3.1.2 for details of the proforma adjustments.



10. FINANCIAL INFORMATION (Cont'd)**3. SUMMARISED PROFORMA CONSOLIDATED INCOME STATEMENTS OF IVORY GROUP (Cont'd)**3.1.1.3 Financial year ended 31 December 2007

	Aggregate Proforma Ivory Group RM'000	Proforma adjustments RM'000	Proforma Ivory Group RM'000
Revenue	111,801	(2,186)	109,615
Profit before depreciation and interest	39,648	173	39,821
Depreciation	(1,395)		(1,395)
Interest expense	(1,488)		(1,488)
Profit before tax and share of results of associates	36,765		36,938
Share of results of associates	346		346
Profit before taxation	37,111		37,284
Tax expense - Company and its subsidiaries	(10,782)		(10,782)
Profit for the year	26,329	173	26,502

Notes:

Refer Note 3.1.2 for details of the proforma adjustments.

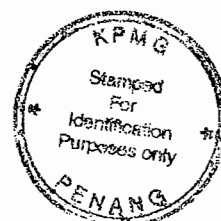


10. FINANCIAL INFORMATION (Cont'd)**3. SUMMARISED PROFORMA CONSOLIDATED INCOME STATEMENTS OF IVORY GROUP (Cont'd)**3.1.1.4 Financial year ended 31 December 2008

	Aggregate Proforma Ivory Group RM'000	Proforma adjustments RM'000	Proforma Ivory Group RM'000
Revenue	178,584	(24,334)	154,250
Profit before depreciation and interest	42,450	(1,430)	41,020
Depreciation	(1,908)		(1,908)
Interest expense	(1,560)		(1,560)
Profit before tax and share of results of associates	38,982		37,552
Share of results of associates	(277)		(277)
Profit before taxation	38,705		37,275
Tax expense - Company and its subsidiaries	(10,402)		(10,402)
Profit for the year	28,303	(1,430)	26,873

Notes:

Refer Note 3.1.2 for details of the proforma adjustments.

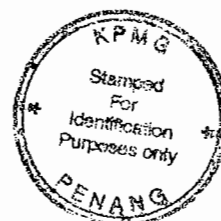


10. FINANCIAL INFORMATION (Cont'd)**3. SUMMARISED PROFORMA CONSOLIDATED INCOME STATEMENTS OF IVORY GROUP (Cont'd)**3.1.1.5 Financial year ended 31 December 2009

	Aggregate Proforma Ivory Group RM'000	Proforma adjustments RM'000	Proforma Ivory Group RM'000
Revenue	<u>160,570</u>	(39,553)	<u>121,017</u>
Profit before depreciation and interest	33,245	(1,466)	31,779
Depreciation	(3,253)		(3,253)
Interest expense	(4,478)		(4,478)
Profit before tax and share of results of associates	<u>25,514</u>		<u>24,048</u>
Share of results of associates	897		897
Profit before taxation	<u>26,411</u>		<u>24,945</u>
Tax expense - Company and its subsidiaries	(7,779)		(7,779)
Profit for the year	<u>18,632</u>	(1,466)	<u>17,166</u>

Notes:

Refer Note 3.1.2 for details of the proforma adjustments.



10. FINANCIAL INFORMATION (Cont'd)**3. SUMMARISED PROFORMA CONSOLIDATED INCOME STATEMENTS OF IVORY GROUP (Cont'd)****3.1.2 Proforma adjustments**

	Note	Financial year ended				
		31.12.05 RM'000	31.12.06 RM'000	31.12.07 RM'000	31.12.08 RM'000	31.12.09 RM'000
Revenue		65,970	82,808	111,801	178,584	160,570
-Adjustments for non-coterminous year end	3.1.1 (ii)(a)	(468)	531	-	-	-
-Adjustments for change in accounting policy	3.1.1 (ii)(b)	6,612	-	-	-	-
-Adjustments for elimination of intragroup transactions	3.1.1 (ii)(c)	(10,199)	(5,666)	(2,186)	(24,334)	(39,553)
		<u>61,915</u>	<u>77,673</u>	<u>109,615</u>	<u>154,250</u>	<u>121,017</u>
Profit before depreciation and interest		22,447	33,320	39,648	42,450	33,245
-Adjustments for non-coterminous year end	3.1.1 (ii)(a)	(102)	102	-	-	-
-Adjustments for change in accounting policy	3.1.1 (ii)(b)	(7,938)	-	-	-	-
-Adjustments for elimination of intragroup transactions	3.1.1 (ii)(c)	285	(671)	173	(1,430)	(1,466)
		<u>14,692</u>	<u>32,751</u>	<u>39,821</u>	<u>41,020</u>	<u>31,779</u>
Profit for the year		15,143	23,092	26,330	28,303	18,632
-Adjustments for non-coterminous year end	3.1.1 (ii)(a)	(93)	81	-	-	-
-Adjustments for change in accounting policy	3.1.1 (ii)(b)	(5,715)	-	-	-	-
-Adjustments for elimination of intragroup transactions	3.1.1 (ii)(c)	285	(671)	172	(1,430)	(1,466)
-Other adjustments	3.1.1 (ii)(d)	421	-	-	-	-
		<u>10,041</u>	<u>22,502</u>	<u>26,502</u>	<u>26,873</u>	<u>17,166</u>



10. FINANCIAL INFORMATION (Cont'd)**4. SUMMARISED PROFORMA CONSOLIDATED BALANCE SHEETS OF IVORY GROUP**

4.1 The proforma consolidated balance sheets of Ivory Group as at 31 December 2009 have been prepared for illustrative purposes only assuming that the Subdivision, Acquisitions, Rights Issue and Public Issue had been completed as at that date. The proforma consolidated balance sheets should be read in conjunction with the basis of assumptions set out in the notes below.

	Company Audited as at 31.12.09 RM'000	Proforma (I) After the Acquisitions RM'000	Proforma (II) After (I) and Rights Issue RM'000	Proforma (III) After (II), Public Issue and Utilisation of Proceeds RM'000
Assets				
Property, plant and equipment	-	38,118	38,118	38,118
Investment properties	-	46,751	46,751	46,751
Land held for future development	-	26,277	26,277	26,277
Investment in associates	-	1,158	1,158	1,158
Other investments, at cost	-	53	53	53
Intangible asset	-	105	105	105
Goodwill on consolidation	-	448	448	448
Total non-current assets	-	112,910	112,910	112,910
Property development costs	-	140,951	140,951	140,951
Inventories	-	50,018	50,018	50,018
Trade and other receivables	304	56,267	56,267	56,267
Current tax assets	-	39	39	39
Cash and cash equivalents	-*	12,104	12,104	43,603
Total current assets	304	259,379	259,379	290,878
Total assets	304	372,289	372,289	403,788
Equity				
Share capital	-*	70,550	70,550	93,000
(Accumulated losses)/Retained earnings	(1,057)	101,507	101,507	98,923
Share premium	-	680	680	22,313
Merger debit	-	(58,901)	(58,901)	(58,901)
Total equity	(1,057)	113,836	113,836	155,335
Liabilities				
Borrowings	-	77,106	77,106	77,106
Deferred tax liabilities	-	1,643	1,643	1,643
Total non-current liabilities	-	78,749	78,749	78,749
Trade and other payables	1,361	134,256	134,256	134,256
Borrowings	-	41,825	41,825	31,825
Current tax liabilities	-	3,623	3,623	3,623
Total current liabilities	1,361	179,704	179,704	169,704
Total liabilities	1,361	258,453	258,453	248,453
Total equity and liabilities	304	372,289	372,289	403,788
No. of ordinary shares in issue ('000)	#	141,101	141,101	186,000
Net liabilities (NL)/Net tangible assets (NTA) (RM)	(1,057)	113,283	113,283	154,782
NL per ordinary share of RM1.00 each (RM)	(529)	NA	NA	NA
NTA per ordinary share of RM0.50 each (RM)	NA	0.80	0.80	0.83

* - Denotes RM2

- Denotes 2 ordinary shares of RM1.00 each



10. FINANCIAL INFORMATION (Cont'd)**4. SUMMARISED PROFORMA CONSOLIDATED BALANCE SHEETS OF IVORY GROUP (Cont'd)**

4.2 Notes to the proforma consolidated balance sheets of Ivory Group as at 31 December 2009

The proforma consolidated balance sheets together with the notes thereon have been prepared based on accounting principles and bases consistent with those adopted by Ivory Group for the financial year ended 31 December 2009, a summary of which is set out in Section 6.1 of this report, and are presented in a form suitable for inclusion in the Prospectus. There will be no significant changes in the accounting policies adopted by the Group except for the adoption of the new and revised Financial Reporting Standards ("FRS") issued by Malaysian Accounting Standards Board ("MASB") that are effective for Ivory Group's first annual reporting date after its listing on the Main Market of Bursa Securities. The adoption of the above new and revised standards will not have a significant financial impact on Ivory Group other than as disclosed in Section 6.1 of this report.

4.2.1 The proforma consolidated balance sheets of Ivory Group have been prepared for illustrative purposes only assuming Ivory Group had been in existence on that date and are based on the audited financial statements of Ivory Group as at 31 December 2009. They are prepared using the merger method of accounting except for the acquisition of ITSSB, IUSB and Sunlink which are accounted for using the purchase method of accounting.

Intercompany balances have been eliminated in arriving at the proforma consolidated balance sheets.

4.2.2 The following transactions are assumed to have been effected as at 31 December 2009:

(I) Proforma I

Proforma I incorporates the following:

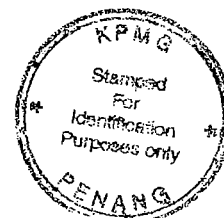
i) Subdivision

Ivory undertook a subdivision of 2 ordinary shares of RM1.00 each into 4 new Shares on the basis of two (2) new Shares for every one (1) existing ordinary share of RM1.00 each held.

ii) Ivory Acquisitions as set out in Section 2.2 of this report

The Ivory Acquisitions are accounted for using the merger method of accounting except for the acquisitions of ITSSB, IUSB and Sunlink which are accounted for using the purchase method of accounting. The merger debit is arrived at as follows:

	RM'000
Nominal value of shares to be acquired	11,170
Nominal value of shares to be issued	(70,071)
Merger debit	<u>(58,901)</u>



10. FINANCIAL INFORMATION (Cont'd)**4. SUMMARISED PROFORMA CONSOLIDATED BALANCE SHEETS OF IVORY GROUP (Cont'd)****4.2 Notes to the proforma consolidated balance sheets of Ivory Group as at 31 December 2009 (Cont'd)****iii) Acquisition of 60% of IGSB**

Upon completion of the Ivory Acquisitions, Ivory acquired 60% of the issued and paid-up share capital of IGSB comprising 1,800,000 ordinary shares of RM1.00 each for a cash consideration of RM1,800,000 from IASB. The purchase consideration of IGSB is based on the cost of investment of IASB in IGSB of RM1,800,000.

(II) Proforma II

Proforma II incorporates Proforma I and Rights Issue as set out in Sections 2.4 of this report.

(III) Proforma III

Proforma III incorporates Proforma II, Public Issue and Listing as set out in Sections 2.5 and 2.6 of this report respectively and the following:

- i) Estimated share issue expenses of RM3,400,000 will be allocated to both the new shares and existing shares on a rational and consistent basis and set off against share premium account and charged out to the income statement respectively; and
- ii) Utilisation of gross proceeds from the Rights Issue and Public Issue of RM44,899,171 as set out in Note 4.2.3 of this report.

4.2.3 The gross proceeds of RM44,899,171 from the Rights Issue and Public Issue will be utilised as follows:

	RM'000
Repayment of bank borrowings	10,000
Working capital	31,499
Estimated share issue expenses	3,400
	44,899



10. FINANCIAL INFORMATION (Cont'd)**4. SUMMARISED PROFORMA CONSOLIDATED BALANCE SHEETS OF IVORY GROUP (Cont'd)**

4.2 Notes to the proforma consolidated balance sheets of Ivory Group as at 31 December 2009 (Cont'd)

4.2.4. The movements of the issued and paid up share capital and the share premium account of Ivory after taking into account the transactions mentioned in Notes 4.2.2 to 4.2.3 above are as follows:

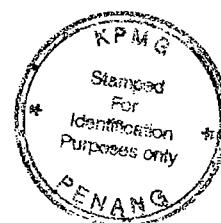
	Number of ordinary shares '000	Par value RM	Share Capital RM'000	Share Premium RM'000
Balance as at 31 December 2009	#	1.00	*	-
Proforma I				
- Subdivision	##	0.50	-	-
- Ivory Acquisitions	141,101	0.50	70,550	680
After Proforma I	141,101	0.50	70,550	680
Proforma II				
- Rights Issue	###	0.50	-	-
After Proforma I and II	141,101	0.50	70,550	680
Proforma III				
- Public Issue	44,899	0.50	22,450	22,449
- Estimated share issue expenses	-	-	-	(816)
After Proforma III	186,000	0.50	93,000	22,313

* - Denotes RM2

- Denotes 2 ordinary shares of RM1.00 each

- Denotes 4 ordinary shares of RM 0.50 each

- Denotes 141 ordinary shares of RM0.50 each



10. FINANCIAL INFORMATION (Cont'd)**4. SUMMARISED PROFORMA CONSOLIDATED BALANCE SHEETS OF IVORY GROUP (Cont'd)**

4.2 Notes to the proforma consolidated balance sheets of Ivory Group as at 31 December 2009 (Cont'd)

4.2.5 The movements in cash and cash equivalents of Ivory Group after taking into account the transactions mentioned in Notes 4.2.2 to 4.2.3 above are as follows:

	RM'000
Balance as at 31 December 2009	*
Proforma I	
- Ivory Acquisitions	12,104
After proforma I	<u>12,104</u>
Proforma II	
- Rights Issue	#
After Proforma II	<u>12,104</u>
Proforma III	
- Public Issue	44,899
- Repayment of bank borrowings	(10,000)
- Estimated share issue expenses	(3,400)
After Proforma III	<u><u>43,603</u></u>

* - Denotes RM2

- Denotes RM141



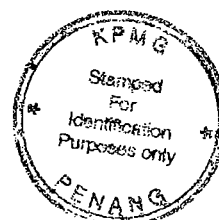
10. FINANCIAL INFORMATION (Cont'd)**5. PROFORMA CONSOLIDATED CASH FLOW STATEMENT**

The proforma consolidated cash flow statement of Ivory Group for the financial year ended 31 December 2009 set out below, is based on the audited financial statements of Ivory, IASB Group, IMSB, ISSB, IPMSB, G&A, IISB, IFSB, ITSSB, IUSB and Sunlink for the financial year ended 31 December 2009.

The proforma consolidated cash flow statement is provided for illustrative purposes only, and has been presented on the basis that the Acquisitions had been in effect throughout the financial years under review.

5.1 Ivory Group

	RM'000
CASH FLOWS FROM OPERATING ACTIVITIES	
Profit before tax	24,945
Adjustments for :	
Depreciation	3,081
Depreciation for investment properties	172
Dividend income	(1)
Interest income	(496)
Interest expense	4,478
Share of results of associates	(897)
Gain on disposal of property, plant and equipment	(270)
Gain on disposal of investment properties	(4)
Loss on disposal of property, plant and equipment	1
Property, plant and equipment written off	25
Amortisation of franchise fees	15
Operating profit before working capital changes	31,049
(Increase)/Decrease in :	
Property development costs	(36,518)
Inventories	5,599
Trade and other receivables	11,099
Decrease in :	
Trade and other payables	(28,623)
Cash used in operations	(17,394)
Income tax paid	(6,995)
Net cash used in operating activities	(24,389)



10. FINANCIAL INFORMATION (Cont'd)**5. PROFORMA CONSOLIDATED CASH FLOW STATEMENT (Cont'd)****5.1 Ivory Group (Cont'd)**

	RM'000
CASH FLOW FROM INVESTING ACTIVITIES	
Dividend income	1
Interest received	496
Proceeds from disposal of property, plant and equipment	277
Proceed from disposal of property, plant and equipment	10
Purchase of franchise	(120)
Purchase of property, plant and equipment	(2,703)
Purchase of investment properties	(6,847)
Increase in pledged deposits	(29)
Net cash used in investing activities	(8,915)
CASH FLOWS FROM FINANCING ACTIVITIES	
Repayment of hire purchase obligations	(1,641)
Drawdown of term loans	76,590
Repayment of term loans	(33,690)
Interest paid	(4,478)
Net cash from financing activities	36,781
Net increase in cash and cash equivalents	3,477
Cash and cash equivalents at beginning of year	(3,418)
Cash and cash equivalents at end of year	59

NOTE :

Cash and cash equivalents comprise the following amounts:

	31.12.09 RM'000
Fixed deposits placed with financial institutions (excluding pledged deposits)	797
Cash and bank balances	10,070
Bank overdrafts	(10,808)
	59



10. FINANCIAL INFORMATION (Cont'd)**6. STATEMENT OF ASSETS AND LIABILITIES**

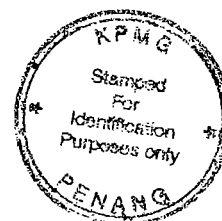
The detailed statement of assets and liabilities has been prepared for illustrative purposes only and is based on the audited balance sheet of Ivory, IASB Group, IMSB, ISSB, IPMSB, G&A, IISB, IFBS, ITSSB, IUSB and Sunlink as at 31 December 2009.

The proforma statement of assets and liabilities has been prepared under the merger method of accounting except for the acquisitions of ITSSB, IUSB and Sunlink which are accounted for under the purchase method of accounting, to show the effects of the Acquisitions, Rights Issue and Public Issue, utilisation of proceeds from the Public Issue and the estimated share issue expenses of RM3,400,000 on the assumption that the respective transactions had been completed on 31 December 2009 and should be read in conjunction with the notes thereon:-

	Note	Company Audited RM'000	Proforma Group RM'000
Assets			
Property, plant and equipment	6.3	-	38,118
Investment properties	6.4	-	46,751
Land held for future development	6.5	-	26,277
Investment in associates	6.6	-	1,158
Other investments, at cost	6.7	-	53
Intangible asset	6.8	-	105
Goodwill on consolidation		-	448
Total non-current assets		-	<u>112,910</u>
Property development costs	6.9	-	140,951
Inventories	6.10	-	50,018
Trade and other receivables	6.11	304	56,267
Current tax assets		-	39
Cash and cash equivalents	6.12	*	43,603
Total current assets		<u>304</u>	<u>290,878</u>
Total assets		<u>304</u>	<u>403,788</u>
Equity			
Share capital	6.13	*	93,000
(Accumulated losses)/ Retained earnings		(1,057)	98,923
Share premium		-	22,313
Merger debit		-	(58,901)
Total equity		<u>(1,057)</u>	<u>155,335</u>
Liabilities			
Borrowings	6.14	-	77,106
Deferred tax liabilities	6.15	-	1,643
Total non-current liabilities		-	<u>78,749</u>
Trade and other payables	6.16	1,361	134,256
Borrowings	6.14	-	31,825
Current tax liabilities		-	3,623
Total current liabilities		<u>1,361</u>	<u>169,704</u>
Total liabilities		<u>1,361</u>	<u>248,453</u>
Total equity and liabilities		<u>304</u>	<u>403,788</u>
Number of shares in issue ('000)		#	186,000
NL per ordinary share of RM1.00 each (RM)		(529)	NA
NTA per ordinary share of RM0.50 each (RM)		NA	0.83

* - Denotes RM2

- Denotes 2 ordinary shares of RM1 each



10. FINANCIAL INFORMATION (Cont'd)**NOTES TO THE STATEMENT OF ASSETS AND LIABILITIES****6.1 Basis of preparation****(a) Statement of compliance**

The Proforma Consolidated Statement of Assets and Liabilities of Ivory Group has been prepared under the historical cost basis except as disclosed in the notes to the financial statements and in accordance with Financial Reporting Standards (FRS) and accounting principles generally accepted in Malaysia.

The Group has not applied the following accounting standards, amendments and interpretations that have been issued by the Malaysian Accounting Standards Board (MASB) but are not yet effective for the Group :

FRSs, Interpretations and amendments effective for annual periods beginning on or after 1 July 2009

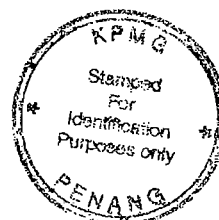
- FRS 8, Operating Segments

FRSs, Interpretations and amendments effective for annual periods beginning on or after 1 January 2010

- FRS 4, Insurance Contracts
- FRS 7, Financial Instruments: Disclosures
- FRS 101, Presentation of Financial Statements (revised)
- FRS 123, Borrowing Costs (revised)
- FRS 139, Financial Instruments: Recognition and Measurement
- Amendments to FRS 1, First-time Adoption of Financial Reporting Standards
- Amendments to FRS 2, Share-based Payment: Vesting Conditions and Cancellations
- Amendments to FRS 7, Financial Instruments: Disclosures
- Amendments to FRS 101, Presentation of Financial Statements – Puttable Financial Instruments and Obligations Arising on Liquidation
- Amendments to FRS 127, Consolidated and Separate Financial Statements: Cost of an Investment in a Subsidiary, Jointly Controlled Entity or Associate
- Amendments to FRS 132, Financial Instruments: Presentation
 - Puttable Financial Instruments and Obligations Arising on Liquidation
 - Separation of Compound Instruments
- Amendments to FRS 139, Financial Instruments: Recognition and Measurement
 - Reclassification of Financial Assets
 - Collective Assessment of Impairment for Banking Institutions
- Improvements to FRSs (2009)
- IC Interpretation 9, Reassessment of Embedded Derivatives
- IC Interpretation 10, Interim Financial Reporting and Impairment
- IC Interpretation 11, FRS 2 – Group and Treasury Share Transactions
- IC Interpretation 13, Customer Loyalty Programmes
- IC Interpretation 14, FRS 119 – The Limit on a Defined Benefit Asset, Minimum Funding Requirements and Their Interaction

FRSs, Interpretations and amendments effective for annual periods beginning on or after 1 March 2010

- Amendments to FRS 132, Financial Instruments: Presentation - Classification of Rights Issue



10. FINANCIAL INFORMATION (Cont'd)**NOTES TO THE STATEMENT OF ASSETS AND LIABILITIES (Cont'd)****6.1 Basis of preparation (Cont'd)****(a) Statement of compliance (Cont'd)****FRSs, Interpretations and amendments effective for annual periods beginning on or after 1 July 2010**

- FRS 1, First-time Adoption of Financial Reporting Standards (revised)
- FRS 3, Business Combinations (revised)
- FRS 127, Consolidated and Separate Financial Statements (revised)
- Amendments to FRS 2, Share-based Payment
- Amendments to FRS 5, Non-current Assets Held for Sale and Discontinued Operations
- Amendments to FRS 138, Intangible Assets
- IC Interpretation 12, Service Concession Agreements
- IC Interpretation 15, Agreements for the Construction of Real Estate
- IC Interpretation 16, Hedges of a Net Investment in a Foreign Operation
- IC Interpretation 17, Distribution of Non-cash Assets to Owners
- Amendments to IC Interpretation 9, Reassessment of Embedded Derivatives

FRSs, Interpretations and amendments effective for annual periods beginning on or after 1 January 2011

- Amendments to FRS 1, First-time Adoption of Financial Reporting Standards – Limited Exemption from Comparative FRS 7 Disclosures for First-time Adopters
- Amendments to FRS 7, Financial Instruments: Disclosures – Improving Disclosures about Financial Instruments

The Group plans to apply the abovementioned standards, amendments and interpretations :

- from the annual period beginning 1 January 2010 for those standards, amendments or interpretations that will be effective for annual periods beginning on or after 1 July 2009 and 1 January 2010, except for FRS 4 and FRS 8, Amendments to FRS 1 and 2, and IC Interpretation 10, 11, 13, and 14 which are not applicable to the Group; and
- from the annual period beginning 1 January 2011 for those standards, amendments or interpretations that will be effective for annual periods beginning on or after 1 March 2010, July 2010 and 1 January 2011, except for FRS1, Amendments to FRS 1, 2, 5 and 138 and IC Interpretations 12, 16 and 17 which are not applicable to the Group.



10. FINANCIAL INFORMATION (Cont'd)**NOTES TO THE STATEMENT OF ASSETS AND LIABILITIES (Cont'd)****6.1 Basis of preparation (Cont'd)****(a) Statement of compliance (Cont'd)**

The initial application of a standard, an amendment or an interpretation, which will be applied prospectively, is not expected to have any financial impacts to the current and prior periods financial statements upon their first adoption.

The impacts and disclosures as required by FRS 108.30(b), *Accounting Policies, Changes in Accounting Estimates and Errors*, in respect of applying FRS 7 and FRS 139 are not disclosed by virtue of the exemptions given in these respective FRSS.

The initial application of a standard, amendment or an interpretation, which will be applied retrospectively, is not expected to have any material impact on the financial statements of the Group other than as disclosed below :

(i) IC Interpretation 15, Agreements for the Construction of Real Estate

IC Interpretation 15 replaces the existing FRS 201₂₀₀₄, Property Development Activities and provides guidance on how to account for revenue from construction of real estate. The adoption of IC Interpretation 15 will result in a change in accounting policy which will be applied retrospectively whereby the recognition of revenue from property development activities of the Group will change from the percentage of completion method to the completed method.

Had the above-mentioned accounting policy been adopted by the Group in year 2009, the profit before tax will be reduced by RM33,646,919.

(b) Basis of measurement

The financial statements have been prepared on the historical cost basis.

(c) Functional and presentation currency

The financial statements are presented in Ringgit Malaysia (RM), which is the Company's functional currency.



10. FINANCIAL INFORMATION (Cont'd)**NOTES TO THE STATEMENT OF ASSETS AND LIABILITIES (Cont'd)****6.1 Basis of preparation (Cont'd)****(d) Use of estimates and judgements**

The preparation of financial statements requires management to make judgements, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets, liabilities, income and expenses. Actual results may differ from these estimates.

Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised and in any future periods affected.

The key assumptions concerning the future and other key sources of estimation uncertainty at the balance sheet date, that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are discussed below.

(i) Property development

The Group recognises property development revenue and expenses in the income statements using the stage of completion method. The stage of completion is determined by the proportion that property development costs incurred for work performed to date bear 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. In making the judgement, the Group evaluates based on past experience and by relying on the work of specialists.

6.2 Significant accounting policies

The accounting policies set out below have been applied consistently to the periods presented in the Proforma Consolidated Statement of Assets and Liabilities of Ivory Group, unless otherwise stated.

(a) Basis of Consolidation**(i) Subsidiaries**

Subsidiaries are entities controlled by the Group. Control exists when the Group has the ability to exercise its power to govern the financial and operating policies of an entity so as to obtain benefits from its activities. In assessing control, potential voting rights that presently are exercisable are taken into account. Subsidiaries are consolidated using the purchase method of accounting.



10. FINANCIAL INFORMATION (Cont'd)**NOTES TO THE STATEMENT OF ASSETS AND LIABILITIES (Cont'd)****6.2 Significant accounting policies (Cont'd)****(a) Basis of Consolidation (Cont'd)**

The Proforma Consolidated Statement of Assets and Liabilities include the audited financial statements of the subsidiaries made up to 31 December 2009 on the assumption that the restructuring of Ivory Group as stated in Section 2 had been effected as at 31 December 2009. The financial statements of the subsidiaries are consolidated using the merger method of accounting except for ITSSB, IUSB and Sunlink which are consolidated using the purchase method of accounting.

A subsidiary is excluded from consolidation when control is intended to be temporary if the subsidiary is acquired and held exclusively with a view of its subsequent disposal in the near future and it has not previously been consolidated or it operates under severe long term restrictions which significantly impair its ability to transfer funds to the Company. Subsidiaries excluded on these grounds are accounted for as investments.

Under the merger method of accounting, the results of the subsidiaries brought in for the first time are included in the consolidated income statement for the entire year without any adjustment in respect of that part of period prior to merger. The difference between the nominal value of the share capital issued as purchase consideration and the nominal value of the share capital of the subsidiaries acquired is taken to merger reserve.

Under the purchase method of accounting, the financial statements of subsidiaries are included in the consolidated financial statements from the date that control commences until the date that control ceases.

Investments in subsidiaries are stated in the Company's balance sheet at cost less any impairment losses

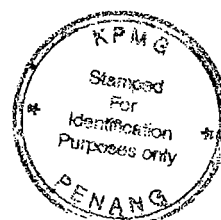
(ii) Associates

Associates are entities, including unincorporated entities, in which the Group has significant influence, but not control, over the financial and operating policies.

The consolidated financial statements include the Group's share of the profit or loss of the equity accounted associates, after adjustments, if any, to align the accounting policies with those of the Group, from the date that significant influence commences until the date that significant influence ceases.

When the Group's share of losses exceeds its interest in an equity accounted associate, the carrying amount of that interest (including any long-term investments) is reduced to nil and the recognition of further losses is discontinued except to the extent that the Group has an obligation or has made payments on behalf of the investee.

Investments in associates are stated in the Company's balance sheet at cost less any impairment losses.



10. FINANCIAL INFORMATION (Cont'd)**NOTES TO THE STATEMENT OF ASSETS AND LIABILITIES (Cont'd)****6.2 Significant accounting policies (Cont'd)****(a) Basis of Consolidation (Cont'd)****(iii) Changes in Group composition**

Where a subsidiary issues new equity shares to minority interests for cash consideration and the issue price has been established at fair value, the reduction in the Group's interests in the subsidiary is accounted for as a disposal of equity interest with the corresponding gain or loss recognised in the income statements.

When a group purchases a subsidiary's equity shares from minority interests for cash consideration and the purchase price has been established at fair value, the accretion of the Group's interests in the subsidiary is accounted for as a purchase of equity interest for which the acquisition method of accounting is applied.

The Group treats all other changes in group composition as equity transactions between the Group and its minority shareholders. Any difference between the Group's share of net assets before and after the change, and any consideration received or paid, is adjusted to or against Group reserves.

(iv) Transactions eliminated on consolidation

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

(b) Investments

Long term investments other than investment in subsidiaries and associates are stated at cost. An allowance is made when the Directors are of the view that there is a diminution in their value which is other than temporary.

Long term investments in subsidiaries and associates are stated at cost less accumulated impairment losses where applicable.

(c) Goodwill

Goodwill arises on business combinations and is measured at cost less any accumulated impairment losses.

For acquisitions prior to 1 January 2006, goodwill represents the excess of the cost of the acquisition over the Group's interest in the fair values of the net identifiable assets and liabilities.

For business acquisitions beginning from 1 January 2006, goodwill represents the excess of the cost of the acquisition over the Group's interest in the net fair value of the identifiable assets, liabilities and contingent liabilities of the acquiree.

Any excess of the Group's interest in the net fair value of acquiree's identifiable assets, liabilities and contingent liabilities over the cost of acquisition is recognised immediately in income statement.



10. FINANCIAL INFORMATION (Cont'd)**NOTES TO THE STATEMENT OF ASSETS AND LIABILITIES (Cont'd)****6.2 Significant accounting policies (Cont'd)****(d) Property, Plant and Equipment****(i) Recognition and measurement**

Items of property, plant and equipment are stated at cost less any accumulated depreciation and any accumulated impairment losses.

Cost includes expenditures that are directly attributable to the acquisition of the asset and any other costs directly attributable to bringing the asset to working condition for its intended use, and the costs of dismantling and removing the items and restoring the site on which they are located. The cost of self-constructed assets also includes the cost of materials and direct labour. Purchased software that is integral to the functionality of the related equipment is capitalised as part of that equipment.

When significant parts of an item of property, plant and equipment have different useful lives, they are accounted for as separate items (major components) of property, plant and equipment.

Gains and losses on disposal of an item of property, plant and equipment are determined by comparing the proceeds from disposal with the carrying amount of property, plant and equipment and are recognised net within "other operating income" or "administrative expenses" respectively in the income statements.

(ii) Reclassification to investment property

Property that is being constructed for future use as investment property is accounted for as property, plant and equipment until construction or development is complete, at which time it is reclassified as investment property.

When the use of a property changes from owner-occupied to investment property, the property is reclassified as investment property.

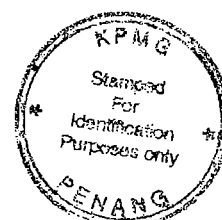
(iii) Subsequent costs

The cost of replacing part of an item of property, plant and equipment is recognised in the carrying amount of the item if it is probable that the future economic benefits embodied within the part will flow to the Group and its cost can be measured reliably. The carrying amount of those parts that are replaced is derecognised. The costs of the day-to-day servicing of property, plant and equipment are recognised in the income statements as incurred.

(iv) Depreciation

Freehold land is stated at cost and is not amortised.

Depreciation is recognised in the income statements on a straight-line basis over the estimated useful lives of each part of an item of property, plant and equipment. Property, plant and equipment under construction are not depreciated until the assets are ready for their intended use.



10. FINANCIAL INFORMATION (Cont'd)**NOTES TO THE STATEMENT OF ASSETS AND LIABILITIES (Cont'd)****6.2 Significant accounting policies (Cont'd)****(d) Property, Plant and Equipment (Cont'd)****(iv) Depreciation (Cont'd)**

The principal annual depreciation rates for the current and comparative periods are as follows :

	%
Buildings	2
Furniture, fittings and equipment	10
Site equipment and machinery	10 - 20
Motor vehicles	20
Renovation	10

Depreciation methods, useful lives and residual values are reassessed at the balance sheet date.

(e) Impairment

The carrying amount of assets, other than inventories, property development costs and financial assets (other than investments in subsidiaries and associates), are reviewed at each balance sheet date to determine whether there is any indication of impairment. If any such indication exists, the asset's recoverable amount is estimated. An impairment loss is recognised whenever the carrying amount of an asset or the cash-generating unit to which it belongs exceeds its recoverable amount. Impairment losses are recognised in the income statement.

The recoverable amount is the greater of the asset's net selling price and its value in use. In assessing value in use, estimated future cash flows 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 an asset that does not generate largely independent cash inflows, the recoverable amount is determined for the cash-generating unit to which the asset belongs.

An impairment loss is reversed if there has been a change in the estimates used to determine the recoverable amount and it 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. The reversal is recognised in the income statement.

(f) Property development costs

Property development costs comprise costs associated with the acquisition of land and all costs that are directly attributable to development activities or that can be allocated on a reasonable basis to such activities, including interest expense incurred during the period of active development.



10. FINANCIAL INFORMATION (Cont'd)**NOTES TO THE STATEMENT OF ASSETS AND LIABILITIES (Cont'd)****6.2 Significant accounting policies (Cont'd)****(f) Property development costs (Cont'd)**

Property development costs not recognised as an expense is recognised as an asset and is stated at the lower of cost and net realisable value.

The excess of revenue recognised in the income statement over billings to purchasers is shown as accrued billings under trade and other receivables and the excess of billings to purchasers over revenue recognised in the income statement is shown as progress billings under trade and other payables.

(g) Capitalisation of borrowing costs

Borrowing costs incurred to finance property development activities are capitalised. Capitalisation of borrowing costs will cease when the assets are ready for their intended use.

The capitalisation rate used to determine the amount of borrowing costs eligible for capitalisation is the weighted average of the borrowing costs applicable to the Group's borrowings that are outstanding during the year, other than borrowings made specifically for the purpose of financing a specific property development activities, in which case the actual borrowing cost incurred on that borrowing less any investment income on the temporary investment of that borrowing will be capitalised.

(h) Inventories

Completed development properties are stated at the lower of cost and net realisable value. Cost is determined on the specific identification basis and includes costs of land, direct building costs and other related development cost.

(i) Trade and other receivables

Trade and other receivables are stated at cost less allowance for doubtful debts.

(j) Cash and cash equivalents

Cash and cash equivalents consist of cash on hand, balances and deposits with banks and highly liquid investments which have an insignificant risk of changes in value. For the purpose of the cash flow statement, cash and cash equivalents are presented net of bank overdrafts and pledged deposits.

(k) Liabilities

Borrowings and trade and other payables are stated at cost.

(l) Provisions

A provision is recognised when it is probable that an outflow of resources embodying economic benefits will be required to settle a present obligation (legal or constructive) as a result of a past event and a reliable estimate can be made of the amount.



10. FINANCIAL INFORMATION (Cont'd)**NOTES TO THE STATEMENT OF ASSETS AND LIABILITIES (Cont'd)****6.2 Significant accounting policies (Cont'd)****(m) Hire purchase**

Assets acquired under hire purchase instalment plans are capitalised as property, plant and equipment and the corresponding obligations are taken up as liabilities.

(n) Revenue**i) Property development**

Revenue from property development activities is recognised based on the stage of completion measured by reference to the proportion that property development costs incurred for work performed to date bear to the estimated total property development costs.

Where the financial outcome of a property development activity cannot be reliably estimated, property development revenue is recognised only to the extent of property development costs incurred that is probable will be recoverable, and 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, including costs to be incurred over the defects liability period, is recognised immediately in the income statement.

ii) Construction contracts

Revenue from construction contracts are recognised using the percentage of completion method. The percentage of completion is determined by reference to the costs incurred to date to the total estimated costs where the outcome of the projects can be reliably estimated. All anticipated losses are fully provided for.

iii) Completed development properties

Revenue relating to sale of completed development properties is recognised net of discounts when transfer of risks and rewards has been completed.

(o) Lease payments

Payments made under operating leases are recognised in the income statements on a straight-line basis over the term of the lease. Lease incentives received are recognised as an integral part of the total lease expense, over the term of the lease.

Minimum lease payments made under finance leases are apportioned between the finance expense and the reduction of the outstanding liability. The finance expense is allocated to each period during the lease term so as to produce a constant periodic rate of interest on the remaining balance of the liability. Contingent lease payments are accounted for by revising the minimum lease payments over the remaining term of the lease when the lease adjustment is confirmed.



10. FINANCIAL INFORMATION (Cont'd)**NOTES TO THE STATEMENT OF ASSETS AND LIABILITIES (Cont'd)****6.2 Significant accounting policies (Cont'd)****(p) Interest income and borrowing costs**

Interest income is recognised as it accrues, using the effective interest method.

All borrowing costs are recognised in the income statements using the effective interest method, in the period in which they are incurred except to the extent that they are capitalised as being directly attributable to property development costs (refer Note 6.2(h)).

The capitalisation of borrowing costs as part of the cost of a qualifying asset commences when expenditure for the asset is being incurred, borrowing costs are being incurred and activities that are necessary to prepare the asset for its intended use or sale are in progress. Capitalisation of borrowing costs is suspended or ceases when substantially all the activities necessary to prepare the qualifying asset for its intended use or sale are interrupted or completed.

(q) Income tax

Tax expense comprises current and deferred tax. Tax expense is recognised in the income statements except to the extent that it relates to items recognised directly in equity, in which case it is recognised in equity.

Current tax is the expected tax payable on the taxable income for the year, using tax rates enacted or substantively enacted at the balance sheet date, and any adjustment to tax payable in respect of previous years.

Deferred tax is recognised using the balance sheet method, providing for temporary differences between the carrying amounts of assets and liabilities for reporting purposes and the amounts used for taxation purposes. Deferred tax is not recognised for the initial recognition of assets or liabilities in a transaction that is not a business combination and that affects neither accounting nor taxable profit (tax loss). Deferred tax is measured at the tax rates that are expected to be applied to the temporary differences when they reverse, based on the laws that have been enacted or substantively enacted at the balance sheet date.

Deferred tax liability is recognised for all taxable temporary differences.

A deferred tax asset is recognised to the extent that it is probable that future taxable profits will be available against which temporary difference can be utilised. Deferred tax assets are reviewed at each reporting date and are reduced to the extent that it is no longer probable that the related tax benefit will be realised.



10. FINANCIAL INFORMATION (Cont'd)

NOTES TO THE STATEMENT OF ASSETS AND LIABILITIES (Cont'd)

6.2 Significant accounting policies (Cont'd)

(r) Employee benefits

i) Short term employee benefits

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

ii) Defined contribution plan

Obligations for contributions to defined contribution plan are recognised as an expense in the income statement as incurred.



10. FINANCIAL INFORMATION (Cont'd)**NOTES TO THE STATEMENT OF ASSETS AND LIABILITIES (Cont'd)****6.3 PROPERTY, PLANT AND EQUIPMENT - PROFORMA GROUP**

Cost	Freehold land	Buildings	Office	Furniture	Site	Motor	Renovation	Total
	RM'000	RM'000	equipment	and fittings	equipment	vehicles	RM'000	RM'000
	RM'000	RM'000	RM'000	RM'000	and	RM'000	RM'000	RM'000
			RM'000	RM'000	machinery			
					RM'000			
At 1 January 2009	17,913	673	2,425	2,022	16,211	2,613	2,854	44,711
Additions	103	-	644	177	2,318	7	732	3,981
Disposals	-	-	(4)	-	(5)	(271)	-	(280)
Write off	-	-	(37)	(4)	(18)	-	(2)	(61)
At 31 December 2009	18,016	673	3,028	2,195	18,506	2,349	3,584	48,351
Accumulated depreciation								
At 1 January 2009	-	27	844	764	3,836	1,341	686	7,498
Charge for the year	-	13	273	215	1,837	374	330	3,042
Disposals	-	-	-	-	(2)	(270)	-	(272)
Write off	-	-	(26)	(1)	(7)	-	(1)	(35)
At 31 December 2009	-	40	1,091	978	5,664	1,445	1,015	10,233
Carrying amount								
At 31 December 2009	18,016	633	1,937	1,217	12,842	904	2,569	38,118



10. FINANCIAL INFORMATION (Cont'd)**NOTES TO THE STATEMENT OF ASSETS AND LIABILITIES (Cont'd)****6.3 PROPERTY, PLANT AND EQUIPMENT**

Certain freehold land and building of the Proforma Group costing RM18,015,974 are charged to a licensed bank as securities for banking facilities granted to the Proforma Group (see Note 6.14).

The cost of property, plant and equipment includes the following assets which are acquired under hire purchase plans:

	Proforma Group RM'000
Equipment and machinery	<u>12,887</u>

6.4 INVESTMENT PROPERTIES

	Buildings RM'000
Cost	
At 1 January 2009	7,262
Additions	40,013
Disposals	(6)
At 31 December 2009	<u>47,269</u>
Accumulated depreciation	
At 1 January 2009	308
Depreciation charge for the year	210
At 31 December 2009	<u>518</u>
Carrying amount	
At 1 January 2009	<u>6,954</u>
At 31 December 2009	<u>46,751</u>

Based on Directors estimate on 31 December 2009, the fair value of investment properties amounted to RM52,000,000.



10. FINANCIAL INFORMATION (Cont'd)**NOTES TO THE STATEMENT OF ASSETS AND LIABILITIES (Cont'd)****6.4 INVESTMENT PROPERTIES (Cont'd)**

Certain buildings of the Group with carrying amount of RM37,183,377 and RM3,914,970 respectively are charged to a licensed bank as security for banking facilities (see Note 6.14) and a third party as security for credit facility granted to the Proforma Group

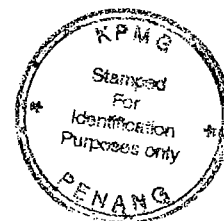
6.5 LAND HELD FOR FUTURE DEVELOPMENT

	Proforma Group RM'000
At 1 January 2009	
Freehold land	25,000
Add: Development costs	1,277
At 31 December 2009	<u>26,277</u>

6.6 INVESTMENT IN ASSOCIATES

	Proforma Group RM'000
Unquoted investment, at cost	<u>* 1,158</u>

* Represented by Proforma Group's share of net assets



10. FINANCIAL INFORMATION (Cont'd)**NOTES TO THE STATEMENT OF ASSETS AND LIABILITIES (Cont'd)****6.7 OTHER INVESTMENTS**

	Proforma Group RM'000
Unquoted shares, at cost	203
Less: Allowance for diminution in value	(150)
	<u>53</u>

6.8 INTANGIBLE ASSET

	Proforma Group RM'000
Franchise fees, at cost	120
Less : Amortisation	(15)
Net carrying amount	<u>105</u>



10. FINANCIAL INFORMATION (Cont'd)**NOTES TO THE STATEMENT OF ASSETS AND LIABILITIES (Cont'd)****6.9 PROPERTY DEVELOPMENT COSTS**

	Proforma Group RM'000
<i>At 1 January</i>	
Land	44,238
Development costs	104,382
Accumulated costs charged to income statement	(42,764)
	105,856
Add: Land	1,381
Development costs incurred during the year	96,473
Less: Cost charged to income statement	(62,759)
	140,951
<i>At 31 December</i>	
Land	45,619
Development costs	200,855
Accumulated costs charge to income statement	(105,523)
	140,951

Included in the property development costs incurred during the year are as follows:

	Proforma Group RM'000
Staff costs	9
Interest expense	4,522
	4,531

Property development costs of certain subsidiaries are charged to a licensed bank as securities for banking facilities granted to the Proforma Group (see Note 6.14).



10. FINANCIAL INFORMATION (Cont'd)**NOTES TO THE STATEMENT OF ASSETS AND LIABILITIES (Cont'd)****6.10 INVENTORIES**

	Proforma Group RM'000
Completed development properties, at cost	<u>50,018</u>
Certain completed development properties of the Proforma Group are charged to:	
	RM'000
- Banks as securities for borrowings (see Note 6.14)	47,268
- Land owners as security for banking facility granted to a subsidiary	<u>2,119</u>

6.11 TRADE AND OTHER RECEIVABLES

	Proforma Group RM'000
Trade receivables	31,417
Amount due from contract customers	<u>3,426</u>
	34,843
Other receivables	<u>6,899</u>
Deposits and prepayments	<u>14,525</u>
	21,424
	<u>56,267</u>

Included in other receivables, deposits and prepayments is an amount of RM10,000,000 paid to land owners for joint venture developments.



10. FINANCIAL INFORMATION (Cont'd)**NOTES TO THE STATEMENT OF ASSETS AND LIABILITIES (Cont'd)****6.11 TRADE AND OTHER RECEIVABLES (Cont'd)**

Ageing analysis of trade receivables as at 31 December 2009 of the Proforma Group is as follows:

	Within Credit Period RM'000	Exceeding Credit Period By			Total RM'000
		0-30 Days RM'000	31-60 days RM'000	> 60 days RM'000	
Trade receivables	26,736	1,142	337	3,202	31,417
% of trade receivables	85.10	3.64	1.07	10.19	100

Allowance for doubtful debts has been made in the financial statements for the Proforma Group for the financial year ended 31 December 2009 for trade receivables that are deemed irrecoverable.

6.12 CASH AND CASH EQUIVALENTS

	Proforma Group RM'000
Cash and bank balances	41,569
Fixed deposits with financial institutions	2,034
	<u>43,603</u>

The fixed deposits of the Proforma Group amounting to RM1,237,009 are registered in the names of a director and a former director and are pledged to the bank as security for banking facilities granted to the Proforma Group.



10. FINANCIAL INFORMATION (Cont'd)**NOTES TO THE STATEMENT OF ASSETS AND LIABILITIES (Cont'd)****6.13 SHARE CAPITAL**

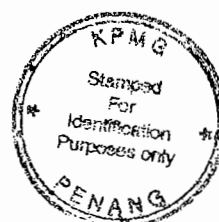
	Company RM'000	Proforma Group RM'000
<i>Ordinary shares of RM0.50 each</i>		
Authorised	<u>100,000</u>	<u>100,000</u>
Issued and fully paid :		
Balance at 1 January 2009	*	*
Issued as consideration for the Ivory Acquisitions	-	70,550
Rights Issue	-	#
Public Issue	-	22,450
Balance at 31 December 2009	<u>* *</u>	<u>93,000</u>

* - Denotes RM2

- Denotes RM141

6.14 BORROWINGS

	Proforma Group RM'000
Current	
Bank overdrafts (secured)	10,808
Term loans (secured)	18,777
Hire purchase obligations	2,240
	<u>31,825</u>
Non-current	
Term loans (secured)	72,772
Hire purchase obligations	4,334
	<u>77,106</u>



10. FINANCIAL INFORMATION (Cont'd)**NOTES TO THE STATEMENT OF ASSETS AND LIABILITIES (Cont'd)****6.14 BORROWINGS (Cont'd)**

The secured borrowings of the Proforma Group are secured by legal charges over certain freehold land, buildings and inventories of the Proforma Group, pledged fixed deposits and are guaranteed by certain Directors of the Group.

The bank overdrafts and term loans of the Proforma Group are subject to interest at rates ranging from 1.00% to 1.75% per annum above the banks' base lending rates while hire purchase obligations are subject to interest at 2.13% to 4.75% per annum.

Hire purchase obligations are payable as follows:

	Proforma Group		
	Payments RM'000	Interest RM'000	Principal RM'000
Less than 1 year	2,677	437	2,240
1 to 5 years	4,810	476	4,334
	<u>7,487</u>	<u>913</u>	<u>6,574</u>

Terms and debt repayment schedule for term loans are as follows:

	Total RM'000	Under 1 year RM'000	1 - 5 years RM'000	Over 5 years RM'000
Proforma Group - 31 December 2009	<u>91,549</u>	<u>18,777</u>	<u>70,858</u>	<u>1,914</u>

6.15 DEFERRED TAX LIABILITIES

The recognised deferred tax liabilities are as follows:

	Proforma Group RM'000
Property, plant and equipment - capital allowances	<u>1,643</u>



10. FINANCIAL INFORMATION (Cont'd)**NOTES TO THE STATEMENT OF ASSETS AND LIABILITIES (Cont'd)****6.16 TRADE AND OTHER PAYABLES**

	Company RM'000	Proforma Group RM'000
Current		
Trade payables		
Progress billings	-	31,505
Others	-	18,551
	-	50,056
Other payables		
Amount due to Directors	-	12,097
Amount due to shareholders	-	3,009
Others	-	15,210
Accruals	1,361	53,884
	1,361	84,200
	1,361	134,256

7. STATEMENT OF ADJUSTMENTS

As Ivory has not prepared any audited consolidated financial statements during the periods being reported on, the proforma consolidated financial information as set out therein therefore reflect the net adjustments assuming the Proforma Group had been in place from the beginning of the periods being reported on.

8. PROFORMA NTA PER ORDINARY SHARE

Based on the statement of assets and liabilities of the proforma Ivory Group as at 31 December 2009, the proforma NTA per ordinary share after the Acquisitions, Rights Issue and Public Issue is calculated as follows :-

	Proforma Group RM'000
NTA	154,782
Total no. of ordinary shares in issue ('000)	186,000
NTA per share (RM)	0.83



10. FINANCIAL INFORMATION (Cont'd)

9. BASIS OF PREPARATION OF PROFORMA CONSOLIDATED FINANCIAL INFORMATION

9.1 The proforma consolidated financial information has been prepared to illustrate what:

- a) the financial results of Ivory Group for the financial years ended 31 December 2005, 31 December 2006, 31 December 2007, 31 December 2008 and 31 December 2009 would have been if the group structure as of the date of lodgement of the Prospectus had been in place since the beginning of the periods being reported on;
- b) the financial position of Ivory Group as of the date of the balance sheet as at 31 December 2009 would have been if the group structure as of the date of lodgement of the Prospectus had been in place on that date, adjusted for the proceeds of the Public Issue and utilisation of funds; and
- c) the cash flows of Ivory Group for the year ended 31 December 2009 would have been if the group structure as of the date of lodgement of the Prospectus had been in place since the beginning of the financial year ended 31 December.

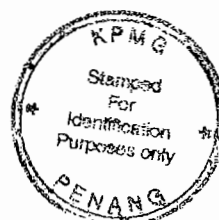
9.2 The proforma consolidated financial information have been prepared based on the audited financial statements of the respective companies within the Ivory Group for the financial years ended 31 December 2005, 31 December 2006, 31 December 2007, 31 December 2008 and 31 December 2009, after giving effect to the proforma adjustments considered appropriate as set out in the proforma consolidated financial information.

9.3 For illustrative purposes, it was assumed that the following events took place on 31 December 2009 in arriving at the proforma consolidated balance sheet as at 31 December 2009:

- a) Acquisitions as detailed in Sections 2.2 and 2.3 of this report;
- b) Rights Issue and Public Issue as detailed in Sections 2.4 and 2.5 of this report respectively; and
- c) Utilisations of gross proceeds from the Rights Issue and Public Issue.

The Acquisitions have been reflected in the proforma consolidated balance sheets as at 31 December 2009 using the merger method of accounting except for the acquisitions of ITSSB, IUSB and Sunlink which are accounted for using the purchase method of accounting.

9.4 For illustrative purposes, it was assumed that the events stated in Sections 2.2 and 2.3 of this report took place since the beginning of the periods being reported on in arriving at the proforma consolidated income statements for each of the five (5) financial years ended 31 December 2005, 31 December 2006, 31 December 2007, 31 December 2008 and 31 December 2009.



10. FINANCIAL INFORMATION (Cont'd)**9. BASIS OF PREPARATION OF PROFORMA CONSOLIDATED FINANCIAL INFORMATION (Cont'd)**

- 9.5 For illustrative purposes, it was assumed that the events stated in Sections 2.2 and 2.3 of this report took place since the beginning of the year ended 31 December 2009 in arriving at the proforma consolidated cash flow statement for the year ended 31 December 2009.
- 9.6 The proforma consolidated financial information has been prepared for illustrative purposes only and, because of their nature, may not give a true picture of the actual financial position, results of operations and cash flows of Ivory Group.
- 9.7 The proforma consolidated financial information has been prepared in accordance with the accounting policies adopted by the Group, which are similar to those of its subsidiaries, as set out in the audited financial statements of its subsidiaries.
- 9.8 For the purpose of inclusion in the proforma consolidated financial information, the statutory audited financial statements of all Ivory's subsidiaries have been prepared in accordance with applicable approved accounting standards in Malaysia and were audited in accordance with approved Standards on Auditing in Malaysia.

The financial year end of all the companies is 31 December except for IPMSB (30 June), IISB (31 August) and IFSB (30 September). KPMG are the auditors for the following group of companies of Ivory for the period/years under review as stated below:

- Ivory - financial period ended 31 December 2005, financial years ended 31 December 2006, 31 December 2007, 31 December 2008 and 31 December 2009
- IASB - financial years ended 31 December 2006, 31 December 2007, 31 December 2008 and 31 December 2009
- IGSB - financial years ended 31 December 2005, 31 December 2006, 31 December 2007, 31 December 2008 and 31 December 2009
- IUSB - financial period ended 31 December 2008 and financial year ended 31 December 2009

Grant Thornton (formerly known as JB Lau & Associates) are the auditors for the following subsidiaries of Ivory for the period/years under review as stated below:

- IPMSB - financial period ended 31 December 2006, financial years ended 31 December 2007, 31 December 2008 and 31 December 2009
- IFSB - financial period 31 December 2005, financial years ended 31 December 2006, 31 December 2007, 31 December 2008 and 31 December 2009
- ISSB - financial years ended 31 December 2006, 31 December 2007, 31 December 2008 and 31 December 2009
- G&A - financial years ended 31 December 2006, 31 December 2007, 31 December 2008 and 31 December 2009



10. FINANCIAL INFORMATION (Cont'd)

9. BASIS OF PREPARATION OF PROFORMA CONSOLIDATED FINANCIAL INFORMATION (Cont'd)

- IISB - financial year ended 31 August 2005, financial period ended 31 December 2006, financial years ended 31 December 2007, 31 December 2008 and 31 December 2009
- ITTSB - financial period ended 31 December 2007, financial years ended 31 December 2008 and 31 December 2009
- Sunlink - financial period ended 31 December 2009

KCK & Associates (formerly known as Khoo Choon Keat & Associates) are the auditors for the following subsidiaries of Ivory for the years under review as stated below:

- IMSB - financial years ended 31 December 2005, 31 December 2006, 31 December 2007, 31 December 2008 and 31 December 2009

Khoo Khai Hong & Co were the auditors for the following subsidiaries of Ivory for the years under review as stated below:

- IASB - financial year ended 31 December 2005
- IPMSB - financial years ended 30 June 2005 and 30 June 2006
- ISSB - financial year ended 31 December 2005
- G&A - financial year ended 31 December 2005

The audit reports in respect of the statutory financial statements of all Ivory's subsidiaries for the purpose of inclusion in the proforma consolidated financial information were not subject to any qualification.



11. ACCOUNTANTS' REPORT

(Prepared for inclusion in the Prospectus)



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Chartered Accountants
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Internet www.kpmg.com.my

The Board of Directors
Ivory Properties Group Berhad
Suite 2-1, 2nd Floor
Menara Penang Garden
42-A, Jalan Sultan Ahmad Shah
10050 Penang

9 July 2010

Dear Sirs,

IVORY PROPERTIES GROUP BERHAD (“IVORY” OR “THE COMPANY”) ACCOUNTANTS' REPORT

1. INTRODUCTION

This report has been prepared by Messrs KPMG, an approved company auditor, for inclusion in the Prospectus of Ivory Properties Group Berhad (“Ivory” or “the Company”) dated 12 July 2010 in connection with the restructuring and listing of Ivory on the Main Market of Bursa Malaysia Securities Berhad (“Bursa Securities”).

2. GENERAL INFORMATION

2.1 COMPANY'S BACKGROUND

Ivory was incorporated in Malaysia on 27 November 2004 under the Companies Act, 1965 (“Act”) as a private limited company under the name of Ivory Properties Group Sdn Bhd. On 14 March 2007, the Company was converted into a public limited company and assumed its present name.

Ivory is an investment holding company. Further details on its subsidiaries and associates are set out in paragraph 2.4 below.

2.2 RESTRUCTURING AND LISTING

As an integral part of the listing of and quotation for the entire issued and paid-up capital of Ivory on the Main Market of Bursa Securities, the Company undertook a restructuring and listing scheme which was approved by the relevant authorities and entails the following :

2.2.1 Subdivision

Ivory undertook a subdivision of 2 ordinary shares of RM1.00 each into 4 new ordinary shares of RM0.50 each on the basis of two (2) new ordinary shares of RM0.50 each for every one (1) existing ordinary share of RM1.00 each held.

11. ACCOUNTANTS' REPORT (Cont'd)**2. GENERAL INFORMATION (Cont'd)****2.2 RESTRUCTURING AND LISTING (Cont'd)****2.2.2 The Ivory Acquisitions****(a) Acquisition of Ivory Associates Sdn Bhd ("IASB")**

On 11 March 2010, Ivory acquired the entire issued and paid-up share capital of IASB comprising 6,500,000 ordinary shares of RM1.00 each for a purchase consideration of RM102,118,975 satisfied wholly by the issuance of 84,395,847 new ordinary shares of RM0.50 each ("Shares") in Ivory at an issue price of RM1.21 per Share.

The purchase consideration of IASB was based on the adjusted consolidated NTA of IASB as at 31 December 2008 after taking into account the adjustment to the fair value (net of deferred taxation) of certain landed properties of the group as set out below :-

	NTA RM
Audited consolidated NTA of IASB as at 31 December 2008	62,548,566
Add : Fair value adjustment to certain landed properties of IASB group (net of deferred taxation)	⁽ⁱ⁾ 39,570,409
Adjusted consolidated NTA of IASB as at 31 December 2008	<u>102,118,975</u>

Note :-

(i) The fair value adjustment arising from the revaluation of the landed properties of the following subsidiaries is as set out below :-

	Market Value* RM (A)	Net Book Value as at 30.04.2008 RM (B)	Gross Surplus RM (C = A - B)	Deferred Taxation RM (D)	Net Surplus RM (E = C - D)	Equity Interest % (F)	Amount of Surplus Adjusted in NTA RM (G = E x F)
IASB	8,277,178	8,259,832	17,346	4,510	12,836	100	12,836
IGSB	204,200,000	115,106,367	89,093,633	23,164,345	65,929,288	60	39,557,573
Total	<u>212,477,178</u>	<u>123,366,199</u>	<u>89,110,979</u>	<u>23,168,855</u>	<u>65,942,124</u>		<u>39,570,409</u>

* The revaluation of the properties is based on market value as appraised by the Independent Registered Valuers, Messrs Henry Butcher Malaysia (Penang) Sdn Bhd and Henry Butcher Malaysia (Seberang Perai) Sdn Bhd.

11. ACCOUNTANTS' REPORT (Cont'd)**2. GENERAL INFORMATION (Cont'd)****2.2 RESTRUCTURING AND LISTING (Cont'd)****2.2.2 The Ivory Acquisitions (Cont'd)****(a) Acquisition of Ivory Associates Sdn Bhd ("IASB") (Cont'd)**

The shareholdings of IASB's vendors in Ivory after the acquisition of IASB are as follows :-

Shareholders	No. of Ordinary Shares of RM1.00 Each Held in IASB	Interest %	Purchase Consideration RM	No. of Ivory Shares Issued
Dato' Low Eng Hock	*5,167,500	79.50	81,184,585	67,094,699
Ooi Choi Kiat	1,300,000	20.00	20,423,795	16,879,169
Dato' Seri Nazir Ariff Bin Mushir Ariff	*32,500	0.50	510,595	421,979
Total	6,500,000	100.00	102,118,975	84,395,847

* Dato' Seri Nazir Ariff Bin Mushir Ariff has transferred 617,500 ordinary shares of RM1.00 each in IASB to Dato' Low Eng Hock on 5 November 2009.

(b) Acquisition of Ivory Meadows Sdn Bhd ("IMSB")

On 11 March 2010, Ivory acquired the entire issued and paid-up share capital of IMSB comprising 1,000,000 ordinary shares of RM1.00 each for a purchase consideration of RM8,296,299 satisfied wholly by the issuance of 6,856,445 new Shares in Ivory at an issue price of RM1.21 per Share.

The purchase consideration of IMSB was based on the audited NTA of IMSB as at 31 December 2008 of RM8,296,299.

The shareholdings of IMSB's vendors in Ivory after the acquisition of IMSB are as follows :-

Shareholders	No. of Ordinary Shares of RM1.00 Each Held in IMSB	Interest %	Purchase Consideration RM	No. of Ivory Shares Issued
Dato' Low Eng Hock	*842,500	84.25	6,989,632	5,776,555
Dato' Seri Nazir Ariff Bin Mushir Ariff	*7,500	0.75	62,222	51,423
Othaman @ Osman Bin Kallahan	150,000	15.00	1,244,445	1,028,467
Total	1,000,000	100.00	8,296,299	6,856,445

* Dato' Seri Nazir Ariff Bin Mushir Ariff has transferred 142,500 ordinary shares of RM1.00 each in IMSB to Dato' Low Eng Hock on 5 November 2009.

11. ACCOUNTANTS' REPORT (Cont'd)**2. GENERAL INFORMATION (Cont'd)****2.2 RESTRUCTURING AND LISTING (Cont'd)****2.2.2 The Ivory Acquisitions (Cont'd)****(c) Acquisition of Ivory Square Sdn Bhd ("ISSB")**

On 11 March 2010, Ivory acquired the entire issued and paid-up share capital of ISSB comprising 1,920,000 ordinary shares of RM1.00 each for a purchase consideration of RM8,727,778 satisfied wholly by the issuance of 7,213,040 new Shares in Ivory at an issue price of RM 1.21 per Share.

The purchase consideration of ISSB was based on the adjusted NTA of ISSB as at 31 December 2008 after taking into account the adjustment to the fair value (net of deferred taxation) of certain landed properties of ISSB as set out below :-

	NTA RM
Audited NTA of ISSB as at 31 December 2008	3,610,777
Add : Fair value adjustment to certain landed properties of ISSB (net of deferred taxation)	⁽ⁱ⁾ 5,117,001
Adjusted NTA of ISSB as at 31 December 2008	<u>8,727,778</u>

Note :-

- (i) The fair value adjustment arising from the revaluation of the landed properties of ISSB is as set out below :-

	Market Value *	Net Book Value as at 30.04.2008	Gross Surplus	Deferred Taxation	Net Surplus
	RM (A)	RM (B)	RM (C = A - B)	RM (D)	RM (E = C - D)
ISSB	15,402,822	8,487,956	6,914,866	1,797,865	5,117,001

* The revaluation of the properties is based on market value as appraised by the Independent Registered Valuers, Messrs Henry Butcher Malaysia (Penang) Sdn Bhd and Henry Butcher Malaysia (Seberang Perai) Sdn Bhd.

11. ACCOUNTANTS' REPORT (Cont'd)**2. GENERAL INFORMATION (Cont'd)****2.2 RESTRUCTURING AND LISTING (Cont'd)****2.2.2 The Ivory Acquisitions (Cont'd)****(c) Acquisition of Ivory Square Sdn Bhd ("ISSB") (Cont'd)**

The shareholdings of ISSB's vendors in Ivory after the acquisition of ISSB are as follows :-

Shareholders	No. of Ordinary Shares of RM1.00 Each Held in ISSB	Interest %	Purchase Consideration RM	No. of Ivory Shares Issued
Dato' Low Eng Hock	*1,525,500	79.45	6,934,492	5,730,986
Dato' Teh Yeong Keat	380,000	19.79	1,727,373	1,427,581
Dato' Seri Nazir Ariff Bin Mushir Ariff	*14,500	0.76	65,913	54,473
Total	1,920,000	100.00	8,727,778	7,213,040

* Dato' Seri Nazir Ariff Bin Mushir Ariff has transferred 275,500 ordinary shares of RM1.00 each in ISSB to Dato' Low Eng Hock on 5 November 2009.

(d) Acquisition of Ivory Property Management Services Sdn Bhd ("IPMSB")

On 11 March 2010, Ivory acquired the entire issued and paid-up share capital of IPMSB comprising 100,000 ordinary shares of RM1.00 each for a purchase consideration of RM222,422 satisfied wholly by the issuance of 183,820 new Shares in Ivory at an issue price of RM1.21 per Share.

The purchase consideration of IPMSB was based on the audited NTA of IPMSB as at 31 December 2008 of RM222,422.

The shareholdings of IPMSB's vendors in Ivory after the acquisition of IPMSB are as follows :-

Shareholders	No. of Ordinary Shares of RM1.00 Each Held in IPMSB	Interest %	Purchase Consideration RM	No. of Ivory Shares Issued
Dato' Low Eng Hock	70,000	70.00	155,695	128,674
Ooi Choi Kiat	30,000	30.00	66,727	55,146
Total	100,000	100.00	222,422	183,820

11. ACCOUNTANTS' REPORT (Cont'd)**2. GENERAL INFORMATION (Cont'd)****2.2 RESTRUCTURING AND LISTING (Cont'd)****2.2.2 The Ivory Acquisitions (Cont'd)****(e) Acquisition of G & A Consultancy Sdn Bhd ("G&A")**

On 11 March 2010, Ivory acquired the entire issued and paid-up share capital of G&A comprising 100,000 ordinary shares of RM1.00 each for a purchase consideration of RM 495,081 satisfied wholly by the issuance of 409,158 new Shares in Ivory at an issue price of RM 1.21 per Share.

The purchase consideration of G&A was based on the audited NTA of G&A as at 31 December 2008 of RM 495,081.

The shareholdings of G&A's vendors in Ivory after the acquisition of G&A are as follows :-

Shareholders	No. of Ordinary Shares of RM1.00 Each Held in G&A	Interest %	Purchase Consideration RM	No. of Ivory Shares Issued
Dato' Low Eng Hock	*90,000	90.00	445,573	368,242
Chow Kah Hoong	5,000	5.00	24,754	20,458
Loh Chin Chuen	5,000	5.00	24,754	20,458
Total	100,000	100.00	495,081	409,158

* *Chok Keng Vui has transferred his equity interest of 15% comprising of 15,000 ordinary shares of RM1.00 each in G&A to Dato' Low Eng Hock on 17 August 2009.*

(f) Acquisition of Ivory Gleneary Sdn Bhd ("IGSB") - subsidiary of IASB

On 11 March 2010, Ivory acquired 40% of the issued and paid-up share capital of IGSB comprising 1,200,000 ordinary shares of RM1.00 each for a purchase consideration of RM49,425,357 satisfied wholly by the issuance of 40,847,403 new Shares in Ivory at an issue price of RM1.21 per Share.

The purchase consideration of IGSB was based on the adjusted NTA of IGSB as at 31 December 2008 after taking into account the adjustment to the fair value (net of deferred taxation) of certain landed properties of IGSB as set out below :-

11. ACCOUNTANTS' REPORT (Cont'd)**2. GENERAL INFORMATION (Cont'd)****2.2 RESTRUCTURING AND LISTING (Cont'd)****2.2.2 The Ivory Acquisitions (Cont'd)****(f) Acquisition of Ivory Gleneary Sdn Bhd ("IGSB") - subsidiary of IASB (Cont'd)**

	NTA RM
Audited NTA of IGSB as at 31 December 2008	⁽ⁱ⁾ 23,053,642
Add : Fair value adjustment to certain landed properties of IGSB (net of deferred taxation)	⁽ⁱ⁾⁽ⁱⁱ⁾ 26,371,715
Adjusted NTA of IGSB as at 31 December 2008	<u>49,425,357</u>

Notes :-

- (i) Computed based on Ivory's interest in IGSB of 40%.
(ii) The fair value adjustment arising from the revaluation of the landed properties of IGSB is as detailed in Note (i) of Section 2.2.2(a) above.

The shareholdings of IGSB's vendors in Ivory after the acquisition of IGSB are as follows :-

Shareholders	No. of Ordinary Shares of RM1.00 Each Held in IGSB	Interest %	Purchase Consideration RM	No. of Ivory Shares Issued
Dato' Low Eng Hock	*685,500	22.85	28,234,235	23,334,079
Dato' Tan Yew Thong	360,000	12.00	14,827,607	12,254,221
Othaman @ Osman Bin Kallahan	150,000	5.00	6,178,170	5,105,925
Dato' Seri Nazir Ariff Bin Mushir Ariff	*4,500	0.15	185,345	153,178
Total	1,200,000	40.00	49,425,357	40,847,403

* Dato' Seri Nazir Ariff Bin Mushir Ariff has transferred 85,500 ordinary shares of RM1.00 each in IGSB to Dato' Low Eng Hock on 5 November 2009.

(g) Acquisition of Ivory Indah Sdn Bhd ("IISB")

On 11 March 2010, Ivory acquired the entire issued and paid-up share capital of IISB comprising 250,000 ordinary shares of RM1.00 each for a purchase consideration of RM228,378 satisfied wholly by the issuance of 188,742 new Shares in Ivory at an issue price of RM1.21 per Share.

The purchase consideration of IISB was based on the audited NTA of IISB as at 31 December 2008 of RM 228,378.

11. ACCOUNTANTS' REPORT (Cont'd)**2. GENERAL INFORMATION (Cont'd)****2.2 RESTRUCTURING AND LISTING (Cont'd)****2.2.2 The Ivory Acquisitions (Cont'd)****(g) Acquisition of Ivory Indah Sdn Bhd ("IISB") (Cont'd)**

Details of the acquisition of IISB are as follows :-

Shareholders	No. of Ordinary Shares of RM1.00 Each Held in IISB	Interest %	Purchase Consideration RM	No. of Ivory Shares Issued
Dato' Low Eng Hock	237,500	95.00	216,959	179,305
Loh Chin Chuen	*12,500	5.00	11,419	9,437
Total	250,000	100.00	228,378	188,742

* Chok Keng Vui has transferred his equity interest of 5% comprising of 12,500 ordinary shares of RM1.00 each in IISB to Loh Chin Chuen on 17 August 2009.

(h) Acquisition of Ivory Furniture & Interior Sdn Bhd ("IFSB")

On 11 March 2010, Ivory acquired the entire issued and paid-up share capital of IFSB comprising 100,000 ordinary shares of RM1.00 each for a purchase consideration of RM59,247 satisfied wholly by the issuance of 48,964 new Shares in Ivory at an issue price of RM1.21 per Share.

The purchase consideration of IFSB was based on the audited NTA of IFSB as at 31 December 2008 of RM59,247.

The shareholdings of IFSB's vendors in Ivory after the acquisition of IFSB are as follows :-

Shareholders	No. of Ordinary Shares of RM1.00 Each Held in IFSB	Interest %	Purchase Consideration RM	No. of Ivory Shares Issued
Dato' Low Eng Hock	85,000	85.00	50,360	41,620
Othaman @ Osman Bin Kallahan	10,000	10.00	5,925	4,896
Dato' Teh Yeong Keat	5,000	5.00	2,962	2,448
Total	100,000	100.00	59,247	48,964

11. ACCOUNTANTS' REPORT (Cont'd)**2. GENERAL INFORMATION (Cont'd)****2.2 RESTRUCTURING AND LISTING (Cont'd)****2.2.2 The Ivory Acquisitions (Cont'd)****(i) Acquisition of Ivory Times Square Sdn Bhd ("ITSSB")**

On 11 March 2010, Ivory acquired the entire issued and paid-up share capital of ITSSB comprising 2 ordinary shares of RM1.00 each for a cash consideration of RM2. The purchase consideration of ITSSB was based on the cost of investment of the vendors in ITSSB of RM2.

Details of the acquisition of ITSSB are as follows :-

Shareholders	No. of Ordinary Shares of RM1.00 Each Held in ITSSB	Interest %	Purchase Consideration RM	Cash Consideration
Dato' Low Eng Hock	1	50.00	1	1
Loh Chin Chuen	*1	50.00	1	1
Total	2	100.00	2	2

* Chok Keng Vui has transferred his equity interest of 50% comprising of 1 ordinary shares of RM1.00 each in ITSSB to Loh Chin Chuen on 17 August 2009.

(j) Acquisition of Ivory Utilities Sdn Bhd ("IUSB")

On 11 March 2010, Ivory acquired the entire issued and paid-up share capital of IUSB comprising 2 ordinary shares of RM1.00 each for a cash consideration of RM2. The purchase consideration of IUSB was based on the cost of investment of the vendors in IUSB of RM2.

Details of the acquisition of IUSB are as follows :-

Shareholders	No. of Ordinary Shares of RM1.00 Each Held in IUSB	Interest %	Purchase Consideration RM	Cash Consideration
Dato' Low Eng Hock	1	50.00	1	1
Loh Chin Chuen	*1	50.00	1	1
Total	2	100.00	2	2

* Chok Keng Vui has transferred his equity interest of 50% comprising of 1 ordinary shares of RM1.00 each in IUSB to Loh Chin Chuen on 17 August 2009.

11. ACCOUNTANTS' REPORT (Cont'd)**2. GENERAL INFORMATION (Cont'd)****2.2 RESTRUCTURING AND LISTING (Cont'd)****2.2.2 The Ivory Acquisitions (Cont'd)****(k) Acquisition of Sunlink**

On 11 March 2010, Ivory acquired the entire issued and paid-up share capital of Sunlink comprising 100,000 ordinary shares of RM1.00 each for a cash consideration of RM100,000. The purchase consideration of Sunlink was based on the cost of investment of the vendors in Sunlink of RM100,000.

Details of the acquisition of Sunlink are as follows :-

Shareholders	No. of Ordinary Shares of RM1.00 Each Held in Sunlink	Interest %	Purchase Consideration RM	Cash Consideration
Dato' Low Eng Hock	90,000	90.00	90,000	90,000
Dato' Seri Nazir Ariff Bin Mushir Ariff	5,000	5.00	5,000	5,000
Loh Chin Chuen	5,000	5.00	5,000	5,000
Total	100,000	100.00	100,000	100,000

(l) Acquisition of Ivory Continental Sdn Bhd ("ICSB")

On 11 March 2010, Ivory acquired 49% of the issued and paid-up share capital of ICSB comprising 980,000 ordinary shares of RM1.00 each for a purchase consideration of RM214,647 satisfied wholly by the issuance of 177,394 new Shares in Ivory at an issue price of RM1.21 per Share.

The purchase consideration of ICSB was based on the audited NTA of ICSB as at 31 December 2008.

Details of the acquisition of ICSB are as follows :-

Shareholder	No. of Ordinary Shares of RM1.00 Each Held in ICSB	Interest %	Purchase Consideration RM	No. of Ivory Shares Issued
Dato' Low Eng Hock	980,000	49.00	214,647	177,394
Total	980,000	49.00	214,647	177,394

11. ACCOUNTANTS' REPORT (Cont'd)**2. GENERAL INFORMATION (Cont'd)****2.2 RESTRUCTURING AND LISTING (Cont'd)****2.2.2 The Ivory Acquisitions (Cont'd)****(m) Acquisition of Ivory Villas Sdn Bhd ("IVSB")**

On 11 March 2010, Ivory acquired 49% of the issued and paid-up share capital of IVSB comprising 490,000 ordinary shares of RM1.00 each for a purchase consideration of RM 943,851 satisfied by the issuance of 780,042 new Shares in Ivory at an issue price of RM 1.21 per Share.

The purchase consideration of IVSB was based on the audited NTA of IVSB as at 31 December 2008.

The shareholdings of IVSB's vendors in Ivory after the acquisition of IVSB are as follows :-

Shareholder	No. of Ordinary Shares of RM1.00 Each Held in IVSB	Interest %	Purchase Consideration RM	No. of Ivory Shares Issued RM
Dato' Low Eng Hock	490,000	49.00	943,851	780,042
Total	490,000	49.00	943,851	780,042

The Ivory Acquisitions were completed on 11 March 2010. The acquisitions resulted in the issued and paid-up share capital of Ivory being increased from 4 Shares to 141,100,859 Shares.

2.2.3 Acquisition of 60% of IGSB

Upon completion of the Ivory acquisitions, Ivory acquired 60% equity interest in IGSB, comprising 1,800,000 ordinary shares of RM1.00 each for a cash consideration of RM1,800,000 from IASB. The transfer consideration of IGSB was based on the cost of investment of IASB in IGSB of RM 1,800,000.

The above Acquisition of 60% of IGSB was completed on 11 March 2010. The Ivory Acquisitions and Acquisition of 60% of IGSB are hereinafter collectively referred to as the "Acquisitions".

2.2.4 Rights Issue

Upon completion of the Ivory acquisitions, Ivory undertook a rights issue of 141 new Shares at the issue price of RM1.21 per Rights Share to all the existing shareholders of Ivory on the basis of approximately ten (10) new Shares for every existing ten million (10,000,000) Shares held in Ivory after the Ivory acquisitions ("Rights Issue").

The rights issue resulted in the issued and paid-up share capital of Ivory being further increased from 141,100,859 Shares to 141,101,000 Shares.

11. ACCOUNTANTS' REPORT (Cont'd)



2. GENERAL INFORMATION (Cont'd)

2.2 RESTRUCTURING AND LISTING (Cont'd)

2.2.5 Initial Public Offering ("IPO")

2.2.5.1 Public Issue

In conjunction with the listing of Ivory on the Main Market of Bursa Securities, Ivory will undertake a public issue of 44,899,000 new Shares at the issue price of RM1.00 per Share ("Public Issue Shares") and will be allocated and allotted in the following manner :-

(a) Malaysian Public

9,300,000 Public Issue Shares representing approximately 5.0% of the enlarged issued and paid-up share capital will be made available for application by Malaysian citizens, companies, societies, co-operatives and institutions, of which at least 50% is to be set aside strictly for Bumiputera individuals, companies, societies, co-operatives and institutions.

(b) Eligible Directors, Employees and Business Associates of Ivory and its subsidiaries ("Ivory Group" or the "Group")

1,000,000 Public Issue Shares representing approximately 0.54% of the enlarged issued and paid-up share capital will be reserved for the eligible Directors, employees and business associates (which include the suppliers, sales agents, customers and others) of the Group.

(c) Bumiputera Investors

570,000 Public Issue Shares representing approximately 0.31% of the enlarged issued and paid-up share capital will be reserved for Bumiputera investors to be approved by the Ministry of International Trade and Industry ("MITI").

(d) Private Placement

34,029,000 Public Issue Shares representing approximately 18.30% of the enlarged issued and paid-up share capital will be reserved by way of private placement to selected investors (who are deemed public).

2.2.5.2 Offer For Sale

The offer for sale of 16,170,000 Shares representing approximately 8.69% of the enlarged issued and paid-up share capital at the offer price of RM1.00 per Share ("Offer Shares") will be reserved for Bumiputera investors to be approved by MITI.

2.3 SHARE CAPITAL

As at the date of this Prospectus, the authorised share capital of Ivory is RM100,000,000 comprising 200,000,000 ordinary shares of RM0.50 each, of which 141,101,000 shares are issued and fully paid-up. Upon completion of the Public Issue, the issued and paid-up share capital of Ivory will be increased to RM93,000,000 comprising 186,000,000 Shares. The changes in the issued and paid-up share capital of Ivory since its incorporation are as follows :

11. ACCOUNTANTS' REPORT (Cont'd)**2. GENERAL INFORMATION (Cont'd)****2.3 SHARE CAPITAL (Cont'd)**

Date of Allotment/ Subdivision	No. Of Shares Allotted/ Subdivided	Par Value RM	Consideration	Cumulative Issued And Paid- up Share Capital RM
27.11.2004	2	1.00	Subscribers' shares	2
11.03.2010	4	0.50	Subdivision	2
11.03.2010	141,100,855	0.50	Acquisitions	70,550,430
15.03.2010	141	0.50	Rights Issue	70,550,500

2.4 SUBSIDIARIES AND ASSOCIATES**IASB**

IASB was incorporated in Malaysia under the Act as a private limited company on 10 June 1999 under its present name.

IASB operates the business of property development and building and construction whilst its subsidiary, IGSB is principally involved in property development. IASB commenced its business operations in the same year of incorporation.

The authorised share capital of IASB is RM10,000,000 comprising 10,000,000 ordinary shares of RM1.00 each. The issued and paid-up share capital of IASB is RM6,500,000 comprising 6,500,000 ordinary shares of RM1.00 each.

Detailed changes in the issued and paid-up share capital of IASB since its incorporation are as follows :

Date of allotment	No of ordinary shares of RM1.00 each allotted	Consideration	Resultant issued and paid-up share capital (RM)
10 .06.1999	2	Subscribers' shares	2
01.12.1999	499,998	Cash	500,000
25.09.2000	500,000	Cash	1,000,000
29.12.2006	5,500,000	Cash	6,500,000

11. ACCOUNTANTS' REPORT (Cont'd)**2. GENERAL INFORMATION (Cont'd)****2.4 SUBSIDIARIES AND ASSOCIATES (Cont'd)****IGSB - subsidiary of IASB**

IGSB was incorporated in Malaysia under the Act as a private limited company on 26 May 2001 under the name of Floodmaster Barriers (M) Sdn Bhd. On 18 February 2003, it changed and assumed its present name.

IGSB is principally engaged in property development. IGSB commenced its business operations in 2004.

The authorised share capital of IGSB is RM5,000,000 comprising 5,000,000 ordinary shares of RM1.00 each. The issued and paid-up share capital of IGSB is RM3,000,000 comprising 3,000,000 ordinary shares of RM1.00 each.

Detailed changes in the issued and paid-up share capital of IGSB since its incorporation are as follows :

Date of allotment	No of ordinary shares of RM1.00 each allotted	Consideration	Resultant issued and paid-up share capital (RM)
26.05.2001	2	Subscribers' shares	2
25.06.2003	98	Cash	100
02.01.2004	999,900	Cash	1,000,000
22.07.2005	1,000,000	Cash	2,000,000
05.08.2005	1,000,000	Cash	3,000,000

IMSB

IMSB was incorporated in Malaysia under the Act as a private limited company on 21 August 1999 under its present name. IMSB commenced business operations in 2001.

IMSB is principally engaged in property development.

The authorised share capital of IMSB is RM1,000,000 comprising 1,000,000 ordinary shares of RM1.00 each. The issued and paid-up share capital of IMSB is RM1,000,000 comprising 1,000,000 ordinary shares of RM1.00 each.

Detailed changes in the issued and paid-up share capital of IMSB since its incorporation are as follows :

Date of allotment	No of ordinary shares of RM1.00 each allotted	Consideration	Resultant issued and paid-up share capital (RM)
21.08.1999	2	Subscribers' shares	2
14.06.2002	999,998	Cash	1,000,000

11. ACCOUNTANTS' REPORT (Cont'd)**2. GENERAL INFORMATION (Cont'd)****2.4 SUBSIDIARIES AND ASSOCIATES (Cont'd)****ISSB**

ISSB was incorporated in Malaysia under the Act as a private limited company on 10 April 2000 under its present name.

ISSB operates the business of property development. ISSB commenced its business operations in the same year of incorporation.

The authorised share capital of ISSB is RM5,000,000 comprising 5,000,000 ordinary shares of RM1.00 each. The issued and paid-up share capital of ISSB is RM1,920,000 comprising 1,920,000 ordinary shares of RM1.00 each.

Detailed changes in the issued and paid-up share capital of ISSB since its incorporation are as follows :

Date of allotment	No of ordinary shares of RM1.00 each allotted	Consideration	Resultant issued and paid-up share capital (RM)
10.04.2000	2	Subscribers' shares	2
18.07.2000	999,998	Cash	1,000,000
30.04.2008	920,000	Cash	1,920,000

IPMSB

IPMSB was incorporated in Malaysia under the Act as a private limited company on 21 June 2000 under the name of Ivory Wealth Sdn Bhd. On 22 May 2003, it changed and assumed its present name.

IPMSB operates the business of property management. IPMSB commenced business operations in 2003.

The authorised share capital of IPMSB is RM500,000 comprising 500,000 ordinary shares of RM1.00 each. The issued and paid-up share capital of IPMSB is RM100,000 comprising 100,000 ordinary shares of RM1.00 each.

11. ACCOUNTANTS' REPORT (Cont'd)**2. GENERAL INFORMATION (Cont'd)****2.4 SUBSIDIARIES AND ASSOCIATES (Cont'd)****IPMSB(Cont'd)**

Detailed changes in the issued and paid-up share capital of IPMSB since its incorporation are as follows :

Date of allotment	No of ordinary shares of RM1.00 each allotted	Consideration	Resultant issued and paid-up share capital (RM)
21.06.2000	2	Subscribers' shares	2
28.11.2001	98	Cash	100
27.08.2007	99,900	Cash	100,000

G & A Consultancy Sdn Bhd ("G&A")

G&A was incorporated in Malaysia under the Act as a private limited company on 28 September 2000 under its present name.

G&A is principally engaged in engineering and architectural consultancy. G&A commenced its business operations in year 2002.

The authorised share capital of G&A is RM100,000 comprising 100,000 ordinary shares of RM1.00 each. The issued and paid-up share capital of G&A is RM100,000 comprising 100,000 ordinary shares of RM1.00 each.

Detailed changes in the issued and paid-up share capital of G&A since its incorporation are as follows :

Date of allotment	No of ordinary shares of RM1.00 each allotted	Consideration	Resultant issued and paid-up share capital (RM)
28.09.2000	4	Subscribers' shares	4
03.09.2004	99,996	Cash	100,000

IISB

IISB was incorporated in Malaysia under the Act as a private limited company on 20 September 2002 under the name of Quorum Fine Jewellery (M) Sdn Bhd. On 12 December 2005, it changed and assumed its present name.

IISB is principally involved in property development. IISB commenced operations in 2007.

11. ACCOUNTANTS' REPORT (Cont'd)**2. GENERAL INFORMATION (Cont'd)****2.4 SUBSIDIARIES AND ASSOCIATES (Cont'd)****IISB(Cont'd)**

The authorised share capital of IISB is RM5,000,000 comprising 5,000,000 ordinary shares of RM1.00 each. The issued and paid-up share capital of IISB is RM250,000 comprising 250,000 ordinary shares of RM1.00 each.

Detailed changes in the issued and paid-up share capital of IISB since its corporation are as follows :

Date of allotment	No of ordinary shares of RM1.00 each allotted	Consideration	Resultant issued and paid-up share capital (RM)
20.09.2002	2	Subscribers' shares	2
08.09.2006	99,998	Cash	100,000
25.01.2008	150,000	Cash	250,000

IFSB

IFSB was incorporated in Malaysia under the Act as a private limited company on 25 September 2003 under its present name.

IFSB is principally engaged in interior design and fit-out. IFSB commenced business in year 2003.

The authorised share capital of IFSB is RM100,000 comprising 100,000 ordinary shares of RM1.00 each. The issued and paid-up share capital of IFSB is RM100,000 comprising 100,000 ordinary shares of RM1.00 each.

Detailed changes in the issued and paid-up share capital of IFSB since its incorporation are as follows :

Date of allotment	No of ordinary shares of RM1.00 each allotted	Consideration	Resultant issued and paid-up share capital (RM)
25.09.2003	2	Subscribers' shares	2
17.02.2004	99,998	Cash	100,000

11. ACCOUNTANTS' REPORT (Cont'd)**2. GENERAL INFORMATION (Cont'd)****2.4 SUBSIDIARIES AND ASSOCIATES (Cont'd)****ITSSB**

ITSSB was incorporated in Malaysia under the Act as a private limited company on 9 October 2007 under its present name.

ITSSB is principally involved in commercial property management. ITSSB commenced business in August 2008.

The authorised share capital of ITSSB is RM100,000 comprising 100,000 ordinary shares of RM1.00 each. The issued and paid-up share capital of ITSSB is RM2 comprising 2 ordinary shares of RM1.00 each.

Detailed changes in the issued and paid-up share capital of ITSSB since incorporation are as follows:-

Date of allotment	No of ordinary shares of RM1.00 each allotted	Consideration	Resultant issued and paid-up share capital (RM)
09.10.2007	2	Subscribers' shares	2

IUSB

IUSB was incorporated in Malaysia under the Act as a private limited company on 6 October 2008 under its present name.

IUSB is to be principally involved in provision of utilities services. IUSB has not yet commenced operations since the date of incorporation.

The authorised share capital of IUSB is RM100,000 comprising 100,000 ordinary shares of RM1.00 each. The issued and paid-up share capital of IUSB is RM2 comprising 2 ordinary shares of RM1.00 each.

Detailed changes of the issued and paid-up share capital of IUSB since incorporation are as follows:-

Date of allotment	No of ordinary shares of RM1.00 each allotted	Consideration	Resultant issued and paid-up share capital (RM)
06.10.2008	2	Subscribers' shares	2

11. ACCOUNTANTS' REPORT (Cont'd)**2. GENERAL INFORMATION (Cont'd)****2.4 SUBSIDIARIES AND ASSOCIATES (Cont'd)****Sunlink**

Sunlink was incorporated in Malaysia under the Act as a private limited company on 22 October 2008 under its present name.

Sunlink is principally involved in operation of food services outlets. Sunlink commenced business in 2009.

The authorised share capital of Sunlink is RM100,000 comprising 100,000 ordinary shares of RM1.00 each. The issued and paid-up share capital of Sunlink is RM100,000 comprising 100,000 ordinary shares of RM1.00 each.

Detailed changes of the issued and paid-up share capital of Sunlink since incorporation are as follows:-

Date of allotment	No of ordinary shares of RM1.00 each allotted	Consideration	Resultant issued and paid-up share capital (RM)
22.10.2008	2	Subscribers' shares	2
25.11.2008	99,998	Cash	100,000

ICSB

ICSB was incorporated in Malaysia under the Act as a private limited company on 5 August 1999 under its present name.

ICSB is principally engaged in property development. ICSB commenced business operations in 2003.

The authorised share capital of ICSB is RM5,000,000 comprising 5,000,000 ordinary shares of RM1.00 each. The issued and paid-up share capital of ICSB is RM2,000,000 comprising 2,000,000 ordinary shares of RM1.00 each.

Detailed changes in the issued and paid-up share capital of ICSB since its incorporation are as follows :

Date of allotment	No of ordinary shares of RM1.00 each allotted	Consideration	Resultant issued and paid-up share capital (RM)
05.08.1999	2	Subscribers' shares	2
03.09.2002	99,998	Cash	100,000
09.07.2007	150,000	Cash	250,000
27.06.2008	1,750,000	Cash	2,000,000

11. ACCOUNTANTS' REPORT (Cont'd)**2. GENERAL INFORMATION (Cont'd)****2.4 SUBSIDIARIES AND ASSOCIATES (Cont'd)****IVSB**

IVSB was incorporated in Malaysia under the Act as a private limited company on 14 July 2001 under its present name.

IVSB is principally engaged in property development. IVSB commenced business operations in 2002.

The authorised share capital of IVSB is RM1,000,000 comprising 1,000,000 ordinary shares of RM1.00 each. The issued and paid-up share capital of IVSB is RM1,000,000 comprising 1,000,000 ordinary shares of RM1.00 each.

Detailed changes in the issued and paid-up share capital of IVSB since its incorporation are as follows :

Date of allotment	No of ordinary shares of RM1.00 each allotted	Consideration	Resultant issued and paid-up share capital (RM)
14.07.2001	2	Subscribers' shares	2
08.10.2001	8	Cash	10
21.03.2002	90	Cash	100
11.07.2002	999,900	Cash	1,000,000

11. ACCOUNTANTS' REPORT (Cont'd)**3. FINANCIAL STATEMENTS AND AUDITORS**

The financial year end of all the companies is at 31 December except for IPMSB (at 30 June), IISB (at 31 August) and IFSB (at 30 September). KPMG are the auditors for the following group of companies of Ivory for the years under review as stated below :

Ivory	-	financial years ended 31 December 2005 to 31 December 2009
IASB	-	financial years ended 31 December 2006 to 31 December 2009
IGSB	-	financial years ended 31 December 2005 to 31 December 2009
IUSB	-	financial years ended 31 December 2008 to 31 December 2009

Grant Thornton (formerly known as JB Lau & Associates) are the auditors for the following subsidiaries of Ivory for the years under review as stated below :

IPMSB	-	financial period/years ended 31 December 2006 to 31 December 2009
IFSB	-	financial period/years ended 31 December 2005 to 31 December 2009
ISSB	-	financial years ended 31 December 2006 to 31 December 2009
G&A	-	financial years ended 31 December 2006 to 31 December 2009
IISB	-	financial period/years ended 31 August 2005 to 31 December 2009
ITTSB	-	financial period/years ended 31 December 2007 to 31 December 2009
Sunlink	-	financial period ended 31 December 2009

KCK & Associates (formerly known as Khoo Choon Keat & Associates) are the auditors for the following subsidiaries of Ivory for the years under review as stated below :

IMSB	-	financial years ended 31 December 2005 to 31 December 2009
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Khoo Khai Hong & Co were the auditors for the following subsidiaries of Ivory for the years under review as stated below :

IASB	-	financial year ended 31 December 2005
IPMSB	-	financial years ended 30 June 2005 and 30 June 2006
ISSB	-	financial year ended 31 December 2005
G&A	-	financial year ended 31 December 2005

The auditors' reports on the financial statements of Ivory and all the subsidiaries for the financial period/ years under review were not subject to any qualification and are set out in Appendix 1 of this report.

4. ACCOUNTING POLICIES AND STANDARDS

This report is prepared in accordance with applicable approved accounting standards in Malaysia and consistent with the accounting policies adopted by Ivory and its subsidiaries for the financial year ended 31 December 2009, a summary of which is set out in Section 6 of this report.

There will be no significant changes in the accounting policies adopted by the Ivory Group other than those disclosed in Section 6 of this report.

11. ACCOUNTANTS' REPORT (Cont'd)**5. DIVIDENDS**

No dividend has been paid or declared by Ivory since the date of its incorporation. The dividends paid or declared by the subsidiaries of Ivory for the years under review were as follows :

Financial year ended	Type of dividend	Gross dividend rate (%)	Gross dividend RM	Tax rate (%)	Net dividend RM
<u>IASB</u>					
31 December 2005	Interim	566.90	5,669,028	28	4,081,700
31 December 2006	Interim	522.81	5,228,094	28	3,764,228
31 December 2007	Interim	30.00	1,954,301	27	1,426,640
<u>ISSB</u>					
31 December 2005	Interim	672.70	6,727,000	28	4,843,440
31 December 2005	Interim	750.90	7,509,000	28	5,406,480
31 December 2005	Interim	23.57	235,735	28	169,729

6. SIGNIFICANT ACCOUNTING POLICIES**6.1 Basis of preparation****(a) Statement of compliance**

These financial statements have been prepared in accordance with Financial Reporting Standards (FRS), accounting principles generally accepted and the Companies Act, 1965 in Malaysia.

The Group have not applied the following accounting standards, amendments and interpretations that have been issued by the Malaysian Accounting Standards Board (MASB) but are not yet effective :

FRSs, Interpretations and amendments effective for annual periods beginning on or after 1 July 2009

- FRS 8, Operating Segments

11. ACCOUNTANTS' REPORT (Cont'd)



6. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

6.1 Basis of preparation (Cont'd)

(a) Statement of compliance (Cont'd)

FRSs, Interpretations and amendments effective for annual periods beginning on or after 1 January 2010

- FRS 4, Insurance Contracts
- FRS 7, Financial Instruments: Disclosures
- FRS 101, Presentation of Financial Statements (revised)
- FRS 123, Borrowing Costs (revised)
- FRS 139, Financial Instruments: Recognition and Measurement
- Amendments to FRS 1, First-time Adoption of Financial Reporting Standards
- Amendments to FRS 2, Share-based Payment: Vesting Conditions and Cancellations
- Amendments to FRS 7, Financial Instruments: Disclosures
- Amendments to FRS 101, Presentation of Financial Statements – Puttable Financial Instruments and Obligations Arising on Liquidation
- Amendments to FRS 127, Consolidated and Separate Financial Statements: Cost of an Investment in a Subsidiary, Jointly Controlled Entity or Associate
- Amendments to FRS 132, Financial Instruments: Presentation
 - Puttable Financial Instruments and Obligations Arising on Liquidation
 - Separation of Compound Instruments
- Amendments to FRS 139, Financial Instruments: Recognition and Measurement
 - Reclassification of Financial Assets
 - Collective Assessment of Impairment for Banking Institutions
- Improvements to FRSs (2009)
- IC Interpretation 9, Reassessment of Embedded Derivatives
- IC Interpretation 10, Interim Financial Reporting and Impairment
- IC Interpretation 11, FRS 2 – Group and Treasury Share Transactions
- IC Interpretation 13, Customer Loyalty Programmes
- IC Interpretation 14, FRS 119 – The Limit on a Defined Benefit Asset, Minimum Funding Requirements and Their Interaction

FRSs, Interpretations and amendments effective for annual periods beginning on or after 1 March 2010

- Amendments to FRS 132, Financial Instruments: Presentation - Classification of Rights Issue

11. ACCOUNTANTS' REPORT (Cont'd)



6. SIGNIFICANT ACCOUNTING POLICIES (Cont'd)

6.1 Basis of preparation (Cont'd)

(a) Statement of compliance (Cont'd)

- FRS 3, Business Combinations (revised)
- FRS 127, Consolidated and Separate Financial Statements (revised)
- Amendments to FRS 2, Share-based Payment
- Amendments to FRS 5, Non-current Assets Held for Sale and Discontinued Operations
- Amendments to FRS 138, Intangible Assets
- IC Interpretation 12, Service Concession Agreements
- IC Interpretation 15, Agreements for the Construction of Real Estate
- IC Interpretation 16, Hedges of a Net Investment in a Foreign Operation
- IC Interpretation 17, Distribution of Non-cash Assets to Owners
- Amendments to IC Interpretation 9, Reassessment of Embedded Derivatives

FRSs, Interpretations and amendments effective for annual periods beginning on or after 1 January 2011

- Amendments to FRS 1, First-time Adoption of Financial Reporting Standards – Limited Exemption from Comparative FRS 7 Disclosures for First-time Adopters
- Amendments to FRS 7, Financial Instruments: Disclosures – Improving Disclosures about Financial Instruments

The Group plans to apply the abovementioned standards, amendments and interpretations :

- from the annual period beginning 1 January 2010 for those standards, amendments or interpretations that will be effective for annual periods beginning on or after 1 July 2009 and 1 January 2010, except for FRS 4 and FRS 8, Amendments to FRS 1 and 2, and IC Interpretation 10, 11, 13, and 14 which are not applicable to the Group; and
- from the annual period beginning 1 January 2011 for those standards, amendments or interpretations that will be effective for annual periods beginning on or after 1 March 2010, 1 July 2010 and 1 January 2011, except for FRS1, Amendments to FRS 1, 2, 5 and 138 and IC Interpretations 12, 16 and 17 which are not applicable to the Group.

The initial application of a standard, an amendment or an interpretation, which will be applied prospectively, is not expected to have any financial impact to the current and prior periods financial statements upon their first adoption.

11. ACCOUNTANTS' REPORT (Cont'd)**6. SIGNIFICANT ACCOUNTING POLICIES (Cont'd)****6.1 Basis of preparation (Cont'd)****(a) Statement of compliance (Cont'd)**

The impacts and disclosures as required by FRS 108.30(b), *Accounting Policies, Changes in Accounting Estimates and Errors*, in respect of applying FRS 7 and FRS 139 are not disclosed by virtue of the exemptions given in these respective FRSS.

The initial application of a standard, amendment or an interpretation, which will be applied retrospectively, is not expected to have any material impact on the financial statements of the Group other than as disclosed below :

(i) IC Interpretation 15, Agreements for the Construction of Real Estate

IC Interpretation 15 replaces the existing FRS 201₂₀₀₄, Property Development Activities and provides guidance on how to account for revenue from construction of real estate. The adoption of IC Interpretation 15 will result in a change in accounting policy which will be applied retrospectively whereby the recognition of revenue from property development activities of the Group will change from the percentage of completion method to the completed method.

Had the above-mentioned accounting policy been adopted by the Group in year 2009, the profit before tax will be reduced by RM33,646,919.

(b) Basis of measurement

The financial statements have been prepared on the historical cost basis.

(c) Functional and presentation currency

The financial statements are presented in Ringgit Malaysia (RM), which is the Group's functional currency.

(d) Use of estimates and judgements

The preparation of financial statements requires management to make judgements, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets, liabilities, income and expenses. Actual results may differ from these estimates.

Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised and in any future periods affected.

The key assumptions concerning the future and other key sources of estimation uncertainty at the balance sheet date, that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are discussed below.

11. ACCOUNTANTS' REPORT (Cont'd)

**6. SIGNIFICANT ACCOUNTING POLICIES (Cont'd)****6.1 Basis of preparation (Cont'd)****(d) Use of estimates and judgements (Cont'd)****(i) Property development**

The Group recognised property development revenue and expenses in the income statements using the stage of completion method. The stage of completion is determined by the proportion that property development costs incurred for work performed to date bear 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. In making the judgement, the Group evaluates based on past experience and by relying on the work of specialists.

6.2 Significant accounting policies

The accounting policies set out below have been applied consistently to the periods presented in these financial statements, and have been applied consistently by Group entities, unless otherwise stated.

(a) Basis of consolidation**(i) Subsidiaries**

Subsidiaries are entities, including unincorporated entities, controlled by the Group. Control exists when the Group has the ability to exercise its power to govern the financial and operating policies of an entity so as to obtain benefits from its activities. In assessing control, potential voting rights that presently are exercisable are taken into account. Subsidiaries are consolidated using the purchase method of accounting.

Under the purchase method of accounting, the financial statements of subsidiaries are included in the consolidated financial statements from the date that control commences until the date that control ceases.

11. ACCOUNTANTS' REPORT (Cont'd)

**6. SIGNIFICANT ACCOUNTING POLICIES (Cont'd)****6.2 Summary of significant accounting policies (Cont'd)****(a) Basis of consolidation (Cont'd)****(i) Subsidiaries (Cont'd)**

Investment in subsidiary is stated in the Company's balance sheet at cost less impairment losses, unless the investment is classified as held for sale (or included in a disposal group that is classified as held for sale).

(ii) Changes in Group composition

Where a subsidiary issues new equity shares to minority interest for cash consideration and the issue price has been established at fair value, the reduction in the Group's interests in the subsidiary is accounted for as a disposal of equity interest with the corresponding gain or loss recognised in income statements.

When the Group purchases a subsidiary's equity shares from minority interest for cash consideration and the purchase price has been established at fair value, the accretion of the Group's interest in the subsidiary is accounted for as a purchase of equity interest for which the purchase method of accounting is applied.

The Group treats all other changes in Group composition as equity transactions between the Group and its minority shareholders. Any difference between the Group's share of net assets before and after the change, and any consideration received or paid, is adjusted to or against Group reserves.

(iii) Minority interest

Minority interest at the balance sheet date, being the portion of the net identifiable assets of subsidiaries attributable to equity interests that are not owned by the Company, whether directly or indirectly through subsidiaries, are presented in the consolidated balance sheet and statement of changes in equity within equity, separately from equity attributable to the equity holders of the Company. Minority interest in the results of the Group is presented on the face of the consolidated income statement as an allocation of the total profit or loss for the year between minority interest and the equity holders of the Company.

Where losses applicable to the minority exceed the minority's interest in the equity of a subsidiary, the excess, and any further losses applicable to the minority, are charged against the Group's interest except to the extent that the minority has a binding obligation to, and is able to, make additional investment to cover the losses. If the subsidiary subsequently reports profits, the Group's interest is allocated with all such profits until the minority's share of losses previously absorbed by the Group has been recovered.

(iv) Transactions eliminated on consolidation

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

11. ACCOUNTANTS' REPORT (Cont'd)**6. SIGNIFICANT ACCOUNTING POLICIES (Cont'd)****6.2 Summary of significant accounting policies (Cont'd)****(b) Property, plant and equipment*****(i) Recognition and measurement***

Items of property, plant and equipment are stated at cost less accumulated depreciation and accumulated impairment losses.

Cost includes expenditures that are directly attributable to the acquisition of the asset and any other costs directly attributable to bringing the asset to working condition for its intended use, and the costs of dismantling and removing the items and restoring the site on which they are located. The cost of self-constructed assets also includes the cost of materials and direct labour. Purchased software that is integral to the functionality of the related equipment is capitalised as part of that equipment.

When significant parts of an item of property, plant and equipment have different useful lives, they are accounted for as separate items (major components) of property, plant and equipment.

Gains and losses on disposal of an item of property, plant and equipment are determined by comparing the proceeds from disposal with the carrying amount of property, plant and equipment and are recognised net within "other operating income" or "administrative expenses" respectively in the income statements

(ii) Reclassification to investment property

Property that is being constructed for future use as investment property is accounted for as property, plant and equipment until construction or development is complete, at which time it is reclassified as investment property.

When the use of a property changes from owner-occupied to investment property, the property is reclassified as investment property.

(iii) Subsequent costs

The cost of replacing part of an item of property, plant and equipment is recognised in the carrying amount of the item if it is probable that the future economic benefits embodied within the part will flow to the Group and its cost can be measured reliably. The carrying amount of those parts that are replaced is derecognised. The costs of the day-to-day servicing of property, plant and equipment are recognised in the income statements as incurred.

(iv) Depreciation

Freehold land is stated at cost and is not amortised.

Depreciation is recognised in the income statements on a straight-line basis over the estimated useful lives of each part of an item of property, plant and equipment. Property, plant and equipment under construction are not depreciated until the assets are ready for their intended use.

11. ACCOUNTANTS' REPORT (Cont'd)**6. SIGNIFICANT ACCOUNTING POLICIES (Cont'd)****6.3 Summary of significant accounting policies (Cont'd)****(b) Property, plant and equipment (Cont'd)****(iv) Depreciation (Cont'd)**

The principal annual depreciation rates for the current and comparative periods are as follows :

	%
Furniture, fittings and office equipment	10
Plant and machinery	10 - 20
Motor vehicles	20
Renovation	10

Depreciation methods, useful lives and residual values are reassessed at the balance sheet date.

(c) Investment properties

Investment properties are properties which are owned to earn rental income or for capital appreciation or for both. These include land held for a currently undetermined future use. Properties that are occupied by the companies in the Group are accounted for as owner-occupied rather than as investment properties. Investment properties are stated at cost less accumulated depreciation and accumulated impairment losses, consistent with the accounting policy for property, plant and equipment as stated in accounting policy Note 6.3(b).

In the previous years, all investment properties were included in property, plant and equipment. Following the adoption of FRS 140, Investment Property, these investment properties are now classified separately. Transfers between investment property and property, plant and equipment do not change the carrying amount and the cost of the property transferred.

Depreciation is charged to the income statements on a straight-line basis over the estimated useful lives of 50 years for buildings.

The Directors estimate the fair values of the Group's and the Company's investment properties without involvement of independent valuers.

The fair values are based on market values, being the estimated amount for which a property could be exchanged on the date of the valuation between a willing buyer and a willing seller in an arm's length transaction after proper marketing wherein the parties had each acted knowledgeably, prudently and without compulsion.

(d) Land held for property development

Land held for property development consists of land or such portions thereof on which no development activities have been carried out or where development activities are not expected to be completed within the Group's normal operating cycle. Such land is classified as non-current asset and is stated at cost less accumulated impairment losses.

11. ACCOUNTANTS' REPORT (Cont'd)**6. SIGNIFICANT ACCOUNTING POLICIES (Cont'd)****6.4 Summary of significant accounting policies (Cont'd)****(d) Land held for property development (Cont'd)**

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 Group's 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.

(e) Investment in equity securities

Investment in equity securities are recognised initially at fair value plus attributable transaction costs.

Subsequent to initial recognition, investments in non-current equity securities other than investment in subsidiary are stated at cost less allowance for diminution in value.

Where in the opinion of the Directors, there is a decline other than temporary in the value of non-current equity securities other than investment in subsidiary, the allowance for diminution in value is recognised as an expense in the financial year in which the decline is identified.

On disposal of an investment, the difference between net disposal proceeds and its carrying amount is recognised in the income statements.

All investments in equity securities are accounted for using settlement date accounting. Settlement date accounting refers to :

- a) the recognition of an asset on the day it is received by the entity, and
- b) the derecognition on an asset and recognition of any gain or loss on disposal on the date it is delivered.

(f) Inventories

Completed development properties are stated at the lower of cost and net realisable value. Cost is determined on the specific identification basis and includes costs of land, direct building costs and other related development cost.

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.

(g) Property development costs

Property development costs comprise costs associated with the acquisition of land and all costs that are directly attributable to development activities or that can be allocated on a reasonable basis to such activities, including interest expense incurred during the period of active development.

11. ACCOUNTANTS' REPORT (Cont'd)



6. SIGNIFICANT ACCOUNTING POLICIES (Cont'd)

6.2 Summary of significant accounting policies (Cont'd)

(g) Property development costs (Cont'd)

Property development costs not recognised as an expense is recognised as an asset and is stated at the lower of cost and net realisable value.

The excess of revenue recognised in the income statements over billings to purchasers is shown as accrued billings under receivables, deposits and prepayments and the excess of billings to purchasers over revenue recognised in the income statements is shown as progress billings under payables and accruals.

(h) Receivables

Receivables are initially recognised at their cost when the contractual right to receive cash or another financial asset from another entity is established.

Subsequent to initial recognition, receivables are stated at cost less allowance for doubtful debts.

Receivables are not held for the purpose of trading.

(i) Cash and cash equivalents

Cash and cash equivalents consist of cash on hand, balances and deposits with banks and highly liquid investments which have an insignificant risk of changes in value. For the purpose of the cash flow statement, cash and cash equivalents are presented net of bank overdrafts and pledged deposits.

(j) Impairment of assets

The carrying amount of assets, other than inventories, property development costs and financial assets, are reviewed at each reporting date to determine whether there is any indication of impairment. If any such indication exists, then the asset's recoverable amount is estimated.

The recoverable amount of an asset or cash-generating unit is the greater of its value in use and its fair value less costs to sell. In assessing value in use, the estimated future cash flows 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 the purpose of impairment testing, assets are grouped together into the smallest group of assets that generates cash inflows from continuing use that are largely independent of the cash inflows of other assets or groups of assets (the "cash-generating unit").

An impairment loss is recognised if the carrying amount of an asset or its cash-generating unit exceeds its recoverable amount. Impairment losses are recognised in the income statements. Impairment losses recognised in respect of cash-generating units are allocated first to reduce the carrying amount of any goodwill allocated to the units and then to reduce the carrying amount of the other assets in the unit (groups of units) on a pro rata basis.

11. ACCOUNTANTS' REPORT (Cont'd)**6. SIGNIFICANT ACCOUNTING POLICIES (Cont'd)****6.2 Summary of significant accounting policies (Cont'd)****(j) Impairment of assets (Cont'd)**

Impairment losses recognised in prior periods are assessed at each reporting date for any indications that the loss has decreased or no longer exists. An impairment loss is reversed if there has been a change in the estimates used to determine the recoverable amount. 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. Reversals of impairment losses are credited to the income statements in the year in which the reversals are recognised.

(k) Equity instruments

All equity instruments are stated at cost on initial recognition and are not re-measured subsequently.

Issue expenses

Incremental costs directly attributable to issue of equity instruments are recognised as a deduction from equity.

(l) Borrowings

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

(m) Employee benefits

Short-term employee benefit obligations in respect of salaries, annual bonuses, paid annual leave and sick leave are measured on an undiscounted basis and are expensed as the related service is provided.

A provision is recognised for the amount expected to be paid under short-term cash bonus or profit-sharing plans if the Company has a present legal or constructive obligation to pay this amount as a result of past service provided by the employee and the obligation can be estimated reliably.

The Company's contributions to the statutory pension funds are charged to the income statements in the year to which they relate. Once the contributions have been paid, the Group has no further payment obligations.

(n) Provisions

A provision is recognised if, as a result of a past event, the Company has a present legal or constructive obligation that can be estimated reliably, and it is probable that an outflow of economic benefits will be required to settle the obligation. Provisions are determined by discounting the expected future cash flows at a pre-tax rate that reflects current market assessments of the time value of money and the risks specific to the liability.

11. ACCOUNTANTS' REPORT (Cont'd)

**6. SIGNIFICANT ACCOUNTING POLICIES (Cont'd)****6.2 Summary of significant accounting policies (Cont'd)****(n) Provisions (Cont'd)*****Contingent liabilities***

Where it is not probable that an outflow of economic benefits will be required, or the amount cannot be estimated reliably, the obligation is disclosed as a contingent liability, unless the probability of outflow of economic benefits is remote. Possible obligations, whose existence will only be confirmed by the occurrence or non-occurrence of one or more future events are also disclosed as contingent liabilities unless the probability of outflow of economic benefits is remote.

Where the Company enters into financial guarantee contracts to guarantee the indebtedness of other companies within its group, the Company considers these to be insurance arrangements, and accounts for them as such. In this respect, the Company treats the guarantee contract as a contingent liability until such time as it becomes probable that the Company will be required to make a payment under the guarantee.

(o) Payables

Payables are measured initially and subsequently at cost. Payables are recognised when there is a contractual obligation to deliver cash or another financial asset to another entity.

(p) Revenue***(i) Property development***

Revenue from property development activities is recognised based on the stage of completion measured by reference to the proportion that property development costs incurred for work performed to date bear to the estimated total property development costs.

Where the financial outcome of a property development activity cannot be reliably estimated, property development revenue is recognised only to the extent of property development costs incurred that is probable will be recoverable, and 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, including costs to be incurred over the defects liability period, is recognised immediately in the income statements.

(ii) Construction contracts

Revenue from construction contracts are recognised using the percentage of completion method. The percentage of completion is determined by reference to the costs incurred to date bear to the total estimated costs where the outcome of the projects can be reliably estimated. All anticipated losses are fully provided for.

11. ACCOUNTANTS' REPORT (Cont'd)

**6. SIGNIFICANT ACCOUNTING POLICIES (Cont'd)****6.2 Summary of significant accounting policies (Cont'd)****(p) Revenue (Cont'd)****(iii) Completed development properties**

Revenue relating to sale of completed development properties is recognised net of discounts when transfer of risks and rewards has been completed.

(q) Lease payments

Payments made under operating leases are recognised in the income statements on a straight-line basis over the term of the lease. Lease incentives received are recognised as an integral part of the total lease expense, over the term of the lease.

Minimum lease payments made under finance leases are apportioned between the finance expense and the reduction of the outstanding liability. The finance expense is allocated to each period during the lease term so as to produce a constant periodic rate of interest on the remaining balance of the liability. Contingent lease payments are accounted for by revising the minimum lease payments over the remaining term of the lease when the lease adjustment is confirmed.

(r) Interest income and borrowing costs

Interest income is recognised as it accrues, using the effective interest method.

All borrowing costs are recognised in the income statements using the effective interest method, in the period in which they are incurred except to the extent that they are capitalised as being directly attributable to property development costs (refer Note 6.2(g)).

The capitalisation of borrowing costs as part of the cost of a qualifying asset commences when expenditure for the asset is being incurred, borrowing costs are being incurred and activities that are necessary to prepare the asset for its intended use or sale are in progress. Capitalisation of borrowing costs is suspended or ceases when substantially all the activities necessary to prepare the qualifying asset for its intended use or sale are interrupted or completed.

(s) Tax expense

Tax expense comprises current and deferred tax. Tax expense is recognised in the income statements except to the extent that it relates to items recognised directly in equity, in which case it is recognised in equity.

Current tax is the expected tax payable on the taxable income for the year, using tax rates enacted or substantively enacted at the balance sheet date, and any adjustment to tax payable in respect of previous years.

11. ACCOUNTANTS' REPORT (Cont'd)

**6. SIGNIFICANT ACCOUNTING POLICIES (Cont'd)****6.2 Summary of significant accounting policies (Cont'd)****(s) Tax expense (Cont'd)**

Deferred tax is recognised using the balance sheet method, providing for temporary differences between the carrying amounts of assets and liabilities for reporting purposes and the amounts used for taxation purposes. Deferred tax is not recognised for the initial recognition of assets or liabilities in a transaction that is not a business combination and that affects neither accounting nor taxable profit (tax loss). Deferred tax is measured at the tax rates that are expected to be applied to the temporary differences when they reverse, based on the laws that have been enacted or substantively enacted at the balance sheet date.

Deferred tax liability is recognised for all taxable temporary differences.

A deferred tax asset is recognised to the extent that it is probable that future taxable profits will be available against which temporary difference can be utilised. Deferred tax assets are reviewed at each reporting date and are reduced to the extent that it is no longer probable that the related tax benefit will be realised.

(t) Segment reporting

A segment is a distinguishable component of the Group that is engaged either in providing products or services (business segment), or in providing products or services within a particular economic environment (geographical segment), which is subject to risks and rewards that are different from those of other segments.

7. AUDITED FINANCIAL STATEMENTS

Ivory Group will exists only in the financial year ended 31 December 2011, with the Ivory acquisitions on 11 March 2010.

As there are no group financial statements for the financial years ended 31 December 2005 to 31 December 2009 being prepared for Ivory, the summarised audited financial statements of the individual companies in the Group are shown in Section 7.1 to 7.12 below.

11. ACCOUNTANTS' REPORT (Cont'd)**7. AUDITED FINANCIAL STATEMENTS (Cont'd)****7.1 IVORY**

We set out below the income statements of Ivory for the financial period/years ended 31 December 2005 to 31 December 2009.

	Note	27.11.04 to 31.12.05 RM	Year ended 31.12.06 RM	Year ended 31.12.07 RM	Year ended 31.12.08 RM	Year ended 31.12.09 RM
Revenue		-	-	-	-	-
Cost of sales		-	-	-	-	-
Gross profit		-	-	-	-	-
Administrative expenses		(6,589)	(68,646)	(15,077)	-	(968,609)
Other operating income		-	1,133	-	1,091	-
(Loss)/Profit before tax	7.1.4 (a)	(6,589)	(67,513)	(15,077)	1,091	(968,609)
Tax expense		-	-	-	-	-
(Loss)/Profit for the period/year		(6,589)	(67,513)	(15,077)	1,091	(968,609)
Net dividend per ordinary share (sen)		-	-	-	-	-
Weighted average number of shares in issue during the year/period		2	2	2	2	2
(Loss)/Earnings per share (RM)						
- Gross		*(3,041.08)	(33,756.50)	(7,538.50)	545.50	(484,304.50)
- Net		*(3,041.08)	(33,756.50)	(7,538.50)	545.50	(484,304.50)
* Annualised						

11. ACCOUNTANTS' REPORT (Cont'd)**7. AUDITED FINANCIAL STATEMENTS (Cont'd)****7.1 IVORY (Cont'd)****7.1.1 BALANCE SHEETS**

We set out below the balance sheets of Ivory as at 31 December 2005 to 2009.

	Note	As at 31 December				
		2005 RM	2006 RM	2007 RM	2008 RM	2009 RM
Assets						
Prepayments		-	-	560,617	882,690	304,694
Cash in hand		2	2	2	2	2
Total current assets		2	2	560,619	882,692	304,696
Total assets		2	2	560,619	882,692	304,696
Equity						
Share capital	7.1.4(b)	2	2	2	2	2
Accumulated losses		(6,589)	(74,102)	(89,179)	(88,088)	(1,056,697)
Total equity		(6,587)	(74,100)	(89,177)	(88,086)	(1,056,695)
Payable and accruals	7.1.4(c)	6,589	74,102	649,796	970,778	1,361,391
Total current liability		6,589	74,102	649,796	970,778	1,361,391
Total liability		6,589	74,102	649,796	970,778	1,361,391
Total equity and liability		2	2	560,619	882,692	304,696
Number of ordinary shares		2	2	2	2	2
Net liabilities per ordinary share (RM)		(3,294.50)	(37,050)	(44,588.50)	(44,043)	(528,347.50)

11. ACCOUNTANTS' REPORT (Cont'd)**7. AUDITED FINANCIAL STATEMENTS (Cont'd)****7.1 IVORY (Cont'd)****7.1.2 STATEMENTS OF CHANGES IN EQUITY**

	Share capital RM'000	Accumulated losses RM'000	Total RM'000
At 27 November 2004	-*	-	-*
Loss for the period	-	(7)	(7)
At 31 December 2005	-*	(7)	(7)
Loss for the year	-	(67)	(67)
At 31 December 2006	-*	(74)	(74)
Loss for the year	-	(15)	(15)
At 31 December 2007	-*	(89)	(89)
Profit for the year	-	1	1
At 31 December 2008	-*	(88)	(88)
Loss for the year	-	(969)	(969)
At 31 December 2009	-*	(1,057)	(1,057)

* This represents share capital of RM2.

11. ACCOUNTANTS' REPORT (Cont'd)**7. AUDITED FINANCIAL STATEMENTS (Cont'd)****7.1 IVORY (Cont'd)****7.1.3 CASH FLOW STATEMENTS**

	27.11.04 to 31.12.05 RM'000	Year ended 31.12.06 RM'000	Year ended 31.12.07 RM'000	Year ended 31.12.08 RM'000	Year ended 31.12.09 RM'000
Net cash from operating activities	-	-	-	-	-
Net cash from investing activities	-	-	-	-	-
Net cash from financing activities	-	-	-	-	-
Net movement in cash and cash equivalents	-	-	-	-	-
Cash and cash equivalents at date of incorporation/beginning of period/year	_*	_*	_*	_*	_*
Cash and cash equivalents at end of period/year	_*	_*	_*	_*	_*

* This represents RM2.

7.1.4 NOTES TO FINANCIAL STATEMENTS**(a) (LOSS) /PROFIT BEFORE TAX**

(Loss) /Profit before tax is arrived at after charging:

	2005 RM	2006 RM	2007 RM	2008 RM	2009 RM
Auditors' remuneration					
- Current	-	-	1,500	1,500	1,500
- Special	-	-	-	-	500
And after crediting :					
Pre-listing expenses written off	-	-	-	-	964,863

11. ACCOUNTANTS' REPORT (Cont'd)**7. AUDITED FINANCIAL STATEMENTS (Cont'd)****7.1 IVORY (Cont'd)****7.1.4 NOTES TO FINANCIAL STATEMENTS (Cont'd)****(b) SHARE CAPITAL**

	2005 RM	2006 RM	2007 RM	2008 RM	2009 RM
Ordinary shares of RM1 each					
Authorised :					
Balance at 31 December	100,000	100,000	100,000	100,000	100,000
Issued and fully paid :					
Balance at 31 December	2	2	2	2	2

(c) PAYABLES AND ACCRUALS

	2005 RM	2006 RM	2007 RM	2008 RM	2009 RM
Non-trade					
Sundry Payables	6,089	73,295	614,883	917,875	1,359,391
Accrued expenses	500	807	34,913	52,903	2,000
	6,589	74,102	649,796	970,778	1,361,391

(d) FINANCIAL INSTRUMENTS**Financial risk management**

Exposure to liquidity risk arise in the normal course of the Company's business. The Company's risk management is basically guided and monitored by the Board of Directors of the Company as summarised below :

Liquidity risk

The major creditor has agreed to provide continuing financial support to the Company to enable the Company to meet its obligations as and when they fall due.

11. ACCOUNTANTS' REPORT (Cont'd)**7. AUDITED FINANCIAL STATEMENTS (Cont'd)****7.1 IVORY (Cont'd)****7.1.4 NOTES TO FINANCIAL STATEMENTS (Cont'd)****(d) FINANCIAL INSTRUMENTS (Cont'd)****Fair values***Recognised financial instruments*

The carrying amounts of cash in hand and payables approximate fair values due to the relatively short term nature of these financial instruments.

There were no unrecognised financial instruments at balance sheet date.

(e) SIGNIFICANT EVENTS DURING THE YEAR

During the financial year, the Company submitted its revised application to relevant authorities for the proposed listing on the Main Market of Bursa Malaysia Securities Berhad through the implementation of the following proposals and revised proposals :

- (i) Proposed acquisition of 100% equity interest in Ivory Times Square Sdn. Bhd. ("ITSSB") for a cash consideration of RM2;
- (ii) Proposed acquisition of 100% equity interest in Ivory Utilities Sdn. Bhd. ("IUSB") for a cash consideration of RM2.
- (iii) Proposed acquisition of 100% equity interest in Ivory Associates Sdn. Bhd. ("IASB") with the revised purchase consideration of RM102,118,975 to be satisfied by way of an issue and allotment of a total of 84,395,847 new ordinary shares in the Company;
- (iv) Proposed acquisition of 100% equity interest in Ivory Meadows Sdn. Bhd. ("IMSB") with the revised purchase consideration of RM8,296,299 to be satisfied by way of an issue and allotment of a total of 6,856,445 new ordinary shares in the Company;
- (v) Proposed acquisition of 100% equity interest in Ivory Square Sdn. Bhd. ("ISSB") with the revised purchase consideration of RM8,727,778 to be satisfied by way of an issue and allotment of a total of 7,213,040 new ordinary shares in the Company;
- (vi) Proposed acquisition of 100% equity interest in Ivory Property Management Services Sdn. Bhd. ("IPMSB") with the revised purchase consideration of RM222,422 to be satisfied by way of an issue and allotment of a total of 183,820 new ordinary shares in the Company;
- (vii) Proposed acquisition of 100% equity interest in G & A Consultancy Sdn. Bhd. ("G&A") for a revised cash consideration of RM495,081 to be satisfied by way of an issue and allotment of a total of 409,158 new ordinary shares in the Company;

11. ACCOUNTANTS' REPORT (Cont'd)**7. AUDITED FINANCIAL STATEMENTS (Cont'd)****7.1.1 IVORY (Cont'd)****7.1.4 NOTES TO FINANCIAL STATEMENTS (Cont'd)****(e) SIGNIFICANT EVENTS DURING THE YEAR (Cont'd)**

- (viii) Proposed acquisition of 40% equity interest in Ivory Gleneary Sdn. Bhd. ("IGSB") with the revised purchase consideration of RM49,425,357 to be satisfied by way of an issue and allotment of a total of 40,847,403 new ordinary shares in the Company;
- (ix) Proposed acquisition of 100% equity interest in Ivory Furniture & Interior Sdn. Bhd. ("IFSB") with the revised purchase consideration of RM59,247 to be satisfied by way of an issue and allotment of a total of 48,964 new ordinary shares in the Company;
- (x) Proposed acquisition of 100% equity interest in Ivory Indah Sdn. Bhd. ("IISB") with the revised purchase consideration of RM228,378 to be satisfied by way of an issue and allotment of a total of 188,742 new ordinary shares in the Company;
- (xi) Proposed acquisition of 100% equity interest in Sunlink Properties Sdn. Bhd. ("Sunlink") for a cash consideration of RM100,000;
- (xii) Proposed acquisition of 49% equity interest in Ivory Continental Sdn. Bhd. ("ICSB") for a revised purchase consideration of RM214,647 to be satisfied by way of an issue and allotment of a total of 177,394 new ordinary shares in the Company;
- (xiii) Proposed acquisition of 49% equity interest in Ivory Villas Sdn. Bhd. ("IVSB") for a revised purchase consideration of RM943,851 to be satisfied by way of an issue and allotment of a total of 780,042 new ordinary shares in the Company;
- (xiv) Proposed acquisition of 60% equity interest in IGSB from IASB for a cash consideration of RM1,800,000; and

The above proposals have been approved by the Securities Commission on 24 February 2010.

On 11 March 2010, the Company undertook a subdivision of 2 ordinary shares of RM1.00 each into 4 new ordinary shares of RM0.50 each on the basis of two (2) new ordinary shares of RM0.50 each for every one (1) existing ordinary share of RM1.00 each held. The authorised share capital of the Company was also increased from RM100,000 to RM100,000,000 by the creation of 199,800,000 new ordinary shares of RM0.50 each. The Company also completed the above proposed acquisitions which resulted in the increase in the issued and paid-up capital of the Company from RM2 to RM70,550,430.

On 15 March 2010, the Company undertook a rights issue of 141 new ordinary shares of RM0.50 each at the issue price of RM1.21 per share. This further increased the issued and paid-up capital of the Company from RM70,550,430 to RM70,550,500.

11. ACCOUNTANTS' REPORT (Cont'd)**7. AUDITED FINANCIAL STATEMENTS (Cont'd)****7.2 IASB AND ITS SUBSIDIARY, IGSB**

We set out below the consolidated income statements of IASB for the financial years ended 31 December 2005 to 2009.

	Note	Year ended 31 December				
		2005 RM	2006 RM	2007 RM	2008 RM	2009 RM
Revenue	7.2.4(a)	49,279,614	79,157,971	101,832,691	147,352,082	110,699,685
Cost of sales	7.2.4(b)	(29,130,376)	(40,452,475)	(55,417,310)	(107,310,307)	(81,818,580)
Gross profit		20,149,238	38,705,496	46,415,381	40,041,775	28,881,105
Selling expenses		(544,137)	(1,052,707)	(1,359,499)	(1,375,987)	(790,916)
General and administration expenses		(5,075,045)	(5,289,503)	(7,964,848)	(9,536,227)	(15,133,403)
Other operating income		899,309	478,604	1,458,206	1,596,427	3,399,063
Operating profit	7.2.4(c)	15,429,365	32,841,890	38,549,240	30,725,988	16,355,849
Finance costs	7.2.4(d)	(804,127)	(1,137,511)	(1,363,518)	(1,383,940)	(4,324,415)
Profit before tax		14,625,238	31,704,379	37,185,722	29,342,048	12,031,434
Tax expense	7.2.4(e)	(4,575,238)	(9,426,356)	(10,314,360)	(8,101,024)	(3,811,017)
Profit after tax		10,050,000	22,278,023	26,871,362	21,241,024	8,220,417
Attributable to Equity holders of the Company		9,239,526	17,330,765	17,235,849	14,512,598	4,409,858
Minority interests		810,474	4,947,258	9,635,513	6,728,426	3,810,559
		10,050,000	22,278,023	26,871,362	21,241,024	8,220,417
Net dividend per ordinary share (sen)		408.17	*376.42	21.95	-	-

11. ACCOUNTANTS' REPORT (Cont'd)**7. AUDITED FINANCIAL STATEMENTS (Cont'd)****7.2 IASB AND ITS SUBSIDIARY, IGSB (Cont'd)**

	Year ended 31 December				
	2005	2006	2007	2008	2009
	RM	RM	RM	RM	RM
Weighted average number of shares in issue during the year	1,000,000	1,045,205	6,500,000	6,500,000	6,500,000
Earnings per share (RM)					
- Gross	14.63	30.33	5.72	4.51	1.85
- Net	10.05	21.31	4.13	3.27	1.26
Gross profit margin (%)	40.89	48.90	45.58	27.17	26.09
Profit before tax (PBT) margin (%)	29.68	40.05	36.52	19.91	10.87
Profit after tax (PAT) margin (%)	20.39	28.14	26.39	14.42	7.43
Debtors' turnover period (months)	5.97	2.50	1.75	1.90	3.33
Creditors' turnover period (months)	13.32	10.42	9.60	6.21	7.23
Inventories' turnover period (months)	4.93	6.34	3.62	9.94	7.37

* - based on paid up share capital of RM 1,000,000

7.2.1 CONSOLIDATED BALANCE SHEETS

We set out below the consolidated balance sheets of IASB as at 31 December 2005 to 2009.

	Note	As at 31 December				
		2005	2006	2007	2008	2009
		RM	RM	RM	RM	RM
Assets						
Property, plant and equipment	7.2.4(f)	20,295,079	25,457,107	19,812,009	35,638,451	35,452,317
Investment properties	7.2.4(g)	-	-	6,181,629	5,516,877	45,352,839
Land held for property development	7.2.4(h)	-	-	-	25,000,000	26,276,890
Other investment		52,943	52,943	52,943	52,943	52,943
Total non-current assets		20,348,022	25,510,050	26,046,581	66,208,271	107,134,989

11. ACCOUNTANTS' REPORT (Cont'd)**7. AUDITED FINANCIAL STATEMENTS (Cont'd)****7.2 IASB AND ITS SUBSIDIARY, IGSB (Cont'd)****7.2.1 CONSOLIDATED BALANCE SHEETS (Cont'd)**

	Note	As at 31 December				
		2005 RM	2006 RM	2007 RM	2008 RM	2009 RM
Property development costs	7.2.4(i)	83,777,602	86,248,870	99,417,856	90,450,092	113,648,119
Inventories	7.2.4(j)	11,967,752	21,384,447	16,725,580	88,858,294	50,216,763
Receivables, deposits and prepayments	7.2.4(k)	30,171,341	33,549,797	35,703,002	37,464,732	54,984,280
Cash and bank balances		5,414,274	3,119,121	15,926,606	4,146,173	4,356,315
Total current assets		131,330,969	144,302,235	167,773,044	220,919,291	223,205,477
Total assets		151,678,991	169,812,285	193,819,625	287,127,562	330,340,466
Equity						
Share capital	7.2.4(l)	1,000,000	6,500,000	6,500,000	6,500,000	6,500,000
Capital reserve		93,274	93,274	93,274	93,274	93,274
Retained earnings		12,066,948	25,633,485	41,442,694	55,955,292	60,365,150
Total equity attributable to equity holders of the Company		13,160,222	32,226,759	48,035,968	62,548,566	66,958,424
Minority interest		1,742,444	6,689,702	16,325,215	23,053,641	26,864,200
Total equity		14,902,666	38,916,461	64,361,183	85,602,207	93,822,624
Liabilities						
Borrowings	7.2.4(m)	23,903,980	32,139,879	12,649,584	24,588,497	77,101,215
Deferred tax liability	7.2.4(p)	390,533	475,587	458,416	857,358	1,614,000
Long term payables		12,000,000	-	-	-	-
Total non-current liabilities		36,294,513	32,615,466	13,108,000	25,445,855	78,715,215

11. ACCOUNTANTS' REPORT (Cont'd)**7. AUDITED FINANCIAL STATEMENTS (Cont'd)****7.2 IASB AND ITS SUBSIDIARY, IGSB (Cont'd)****7.2.1 CONSOLIDATED BALANCE SHEETS (Cont'd)**

	Note	As at 31 December				
		2005 RM	2006 RM	2007 RM	2008 RM	2009 RM
Trade and other payables	7.2.4(n)	81,470,252	73,227,404	70,597,694	132,911,634	117,009,208
Borrowings	7.2.4(m)	16,370,224	20,943,340	41,464,547	40,642,671	40,162,469
Taxation		2,641,336	4,109,614	4,288,201	2,525,195	630,950
Total current liabilities		100,481,812	98,280,358	116,350,442	176,079,500	157,802,627
Total liabilities		136,776,325	130,895,824	129,458,442	201,525,355	236,517,842
Total equity and liabilities		151,678,991	169,812,285	193,819,625	287,127,562	330,340,466
Number of ordinary shares		1,000,000	6,500,000	6,500,000	6,500,000	6,500,000
Net tangible assets per ordinary share (RM)		13.16	4.96	7.39	9.62	10.30

7.2.2 CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY

	Non-distributable	Distributable		Total RM'000
	Share capital RM'000	Capital reserve RM'000	Retained earnings RM'000	
At 1 January 2005	1,000	93	6,909	8,002
Profit for the year	-	-	9,240	9,240
Dividend	-	-	(4,082)	(4,082)
At 31 December 2005	1,000	93	12,067	13,160
Issue of shares	5,500	-	-	5,500
Profit for the year	-	-	17,331	17,331
Dividend	-	-	(3,764)	(3,764)
At 31 December 2006	6,500	93	25,634	32,227

11. ACCOUNTANTS' REPORT (Cont'd)**7. AUDITED FINANCIAL STATEMENTS (Cont'd)****7.2 IASB AND ITS SUBSIDIARY, IGSB (Cont'd)****7.2.2 CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY (Cont'd)**

	Non- distributable Share capital RM'000	Distributable Capital reserve RM'000	Retained earnings RM'000	Total RM'000
At 31 December 2006	6,500	93	25,634	32,227
Profit for the year	-	-	17,236	17,236
Dividend	-	-	(1,427)	(1,427)
At 31 December 2007	6,500	93	41,443	48,036
Profit for the year	-	-	14,513	14,513
At 31 December 2008	6,500	93	55,956	62,549
Profit for the year	-	-	4,410	4,410
At 31 December 2009	6,500	93	60,366	66,959

7.2.3 CONSOLIDATED CASH FLOW STATEMENTS

	Year ended 31 December				
	2005 RM'000	2006 RM'000	2007 RM'000	2008 RM'000	2009 RM'000
Net cash (used in)/from operating activities	(12,499)	(7,979)	16,198	19,645	(38,400)
Net cash used in investing activities	(15,497)	(2,249)	(1,112)	(33,920)	(7,892)
Net cash from/(used in) financing activities	21,870	4,687	(2,347)	1,609	46,239
Net (decrease) /increase in cash and cash equivalents	(6,126)	(5,541)	12,739	(12,666)	(53)

11. ACCOUNTANTS' REPORT (Cont'd)**7. AUDITED FINANCIAL STATEMENTS (Cont'd)****7.2 IASB AND ITS SUBSIDIARY, IGSB (Cont'd)****7.2.3 CONSOLIDATED CASH FLOW STATEMENTS (Cont'd)**

	Year ended 31 December				
	2005 RM'000	2006 RM'000	2007 RM'000	2008 RM'000	2009 RM'000
Cash and cash equivalents at beginning of year	5,445	(681)	(6,222)	6,517	(6,150)
Cash and cash equivalents at end of year	(681)	(6,222)	6,517	(6,149)	(6,203)

Cash and cash equivalents included in the cash flow statements comprise of the following balance sheet amounts :

	2005 RM'000	2006 RM'000	2007 RM'000	2008 RM'000	2009 RM'000
Fixed deposits with financial institutions	396	981	1,011	-	-
Cash and bank balances	3,921	1,014	13,746	2,938	3,119
Bank overdrafts	(4,998)	(8,217)	(8,240)	(9,087)	(9,322)
	(681)	(6,222)	6,517	(6,149)	(6,203)

Included in deposits placed with licensed banks of the Group and of the Company is an amount of RM1,237,009 which is registered in the names of a director and a former director and is pledged to the bank for banking facilities granted to the Group.

11. ACCOUNTANTS' REPORT (Cont'd)**7. AUDITED FINANCIAL STATEMENTS (Cont'd)****7.2 IASB AND ITS SUBSIDIARY, IGSB (Cont'd)****7.2.4 NOTES TO FINANCIAL STATEMENTS****(a) REVENUE**

Revenue comprises :

	2005 RM	2006 RM	2007 RM	2008 RM	2009 RM
Contract revenue	6,072,049	3,081,211	4,501,648	21,008,933	49,616,725
Property development revenue	36,135,702	75,312,852	89,858,270	126,230,149	51,873,847
Sale of completed development properties	6,828,658	763,908	7,180,752	-	7,171,919
Upgrading income	-	-	-	-	1,977,194
Others	243,205	-	292,021	113,000	60,000
	<u>49,279,614</u>	<u>79,157,971</u>	<u>101,832,691</u>	<u>147,352,082</u>	<u>110,699,685</u>

(b) COST OF SALES

	2005 RM	2006 RM	2007 RM	2008 RM	2009 RM
Contract expenses	5,240,397	2,873,342	1,307,610	12,095,972	43,447,812
Property development expenses	30,884,840	36,821,637	51,016,780	95,994,335	34,734,056
Cost of completed development properties	(6,994,861)	757,496	4,658,867	-	4,982,170
Over accrual of development costs	-	-	(1,565,947)	(780,000)	(2,615,230)
Others (Upgrading costs)	-	-	-	-	1,269,772
	<u>29,130,376</u>	<u>40,452,475</u>	<u>55,417,310</u>	<u>107,310,307</u>	<u>81,818,580</u>

11. ACCOUNTANTS' REPORT (Cont'd)**7. AUDITED FINANCIAL STATEMENTS (Cont'd)****7.2 IASB AND ITS SUBSIDIARY, IGSB (Cont'd)****7.2.4 NOTES TO FINANCIAL STATEMENTS (Cont'd)****(c) OPERATING PROFIT**

Operating profit is arrived at after charging:

	2005 RM	2006 RM	2007 RM	2008 RM	2009 RM
Auditors' remuneration					
- current year	23,000	23,000	30,000	30,000	30,000
- prior year	(150)	(2,550)	7,000	-	-
- other services	-	-	-	60,000	30,000
Depreciation of property, plant and equipment (Note 7.2.4.(f))	951,890	1,031,243	1,059,266	1,676,205	2,774,771
Depreciation of investment properties (Note 7.2.4.(g))	-	-	116,410	120,457	171,903
Directors' emoluments					
- fees	120,000	120,000	250,000	237,500	110,000
- others	256,440	319,240	534,160	561,400	477,120
Loss on disposal of property, plant and equipment	-	734	9,633	10,711	-
Rental expense	135,207	133,670	326,805	171,291	138,263
Plant and equipment written off	13,408	12,953	24,571	78,960	20,923
Bad debt written off	1,845	-	-	-	-
Allowance for diminution in value of investment	150,079	-	-	-	-
and after crediting :					
Interest income	67,790	63,554	113,548	492,507	347,908
Dividend income	12,808	530	1,622	1,117	581
Gain on disposal of property, plant and equipment	59,227	-	-	-	206
Gain on disposal of investment properties	-	-	-	395,705	4,620
Rental income	45,600	87,600	369,380	351,369	717,866

11. ACCOUNTANTS' REPORT (Cont'd)**7. AUDITED FINANCIAL STATEMENTS (Cont'd)****7.2 IASB AND ITS SUBSIDIARY, IGSB (Cont'd)****7.2.4 NOTES TO FINANCIAL STATEMENTS (Cont'd)****(d) FINANCE COSTS**

	2005 RM	2006 RM	2007 RM	2008 RM	2009 RM
Interest payable on :					
Bank overdrafts	258,404	245,584	543,769	566,702	1,054,340
Finance lease liabilities	74,866	12,625	21,824	137,650	246,889
Term loans	470,857	879,302	797,925	662,625	3,023,186
Others	-	-	-	16,963	-
	<u>804,127</u>	<u>1,137,511</u>	<u>1,363,518</u>	<u>1,383,940</u>	<u>4,324,415</u>

(e) TAX EXPENSE

	2005 RM	2006 RM	2007 RM	2008 RM	2009 RM
Current tax expense					
- Current year	4,082,659	9,279,764	10,366,801	7,581,876	3,124,837
- Prior year	391,122	61,538	(35,270)	120,206	(70,462)
	<u>4,473,781</u>	<u>9,341,302</u>	<u>10,331,531</u>	<u>7,702,082</u>	<u>3,054,375</u>
Deferred tax expense					
- Origination/(reversal) of temporary differences	257,002	85,054	(4,634)	394,597	748,153
- Prior year	(155,545)	-	(12,537)	4,345	8,489
	<u>101,457</u>	<u>85,054</u>	<u>(17,171)</u>	<u>398,942</u>	<u>756,642</u>
	<u>4,575,238</u>	<u>9,426,356</u>	<u>10,314,360</u>	<u>8,101,024</u>	<u>3,811,017</u>

11. ACCOUNTANTS' REPORT (Cont'd)**7. AUDITED FINANCIAL STATEMENTS (Cont'd)****7.2 IASB AND ITS SUBSIDIARY, IGSB (Cont'd)****7.2.4 NOTES TO FINANCIAL STATEMENTS (Cont'd)****(e) TAX EXPENSE (Cont'd)****Reconciliation of effective tax expense:**

	2005	2006	2007	2008	2009
	RM	RM	RM	RM	RM
Profit before tax	14,625,238	31,704,379	37,185,722	29,342,048	12,031,434
Income tax using Malaysian tax rate	4,008,955	8,877,226	10,040,145	7,628,933	3,007,858
Non-deductible expenses	371,358	473,444	205,655	362,170	864,609
Effect of changes in tax rates	(40,000)	-	(11,298)	(19,760)	-
Others	(652)	14,148	127,665	5,130	523
	4,339,661	9,364,818	10,362,167	7,976,473	3,872,990
Under/(Over) provision in prior year	235,577	61,538	(47,807)	124,551	(61,973)
Tax expense	4,575,238	9,426,356	10,314,360	8,101,024	3,811,017

11. ACCOUNTANTS' REPORT (Cont'd)
7. AUDITED FINANCIAL STATEMENTS (Cont'd)
7.2 IASB AND ITS SUBSIDIARY, IGSB (Cont'd)
7.2.4 NOTES TO FINANCIAL STATEMENTS (Cont'd)
(f) PROPERTY, PLANT AND EQUIPMENT

<i>Cost</i>	Freehold land RM	Buildings RM	Office equipment RM	Furniture and fittings RM	Site equipment and machinery RM	Motor vehicles RM	Renovation RM	Total RM
At 1 January 2005	-	2,333,303	793,477	317,674	3,516,248	613,481	268,359	7,842,542
Additions	13,236,641	50,360	184,734	701,234	628,510	-	918,161	15,719,640
Disposals	-	-	(2,000)	-	(101,600)	-	-	(103,600)
Write off	-	-	(7,708)	-	(16,290)	-	-	(23,998)
At 31 December 2005	13,236,641	2,383,663	968,503	1,018,908	4,026,868	613,481	1,186,520	23,434,584
<i>Depreciation</i>								
At 1 January 2005	-	-	232,749	46,673	1,637,070	324,483	9,908	2,250,883
Charge for the year	-	-	91,114	72,575	581,173	122,696	84,332	951,890
Disposals	-	-	(1,025)	-	(51,653)	-	-	(52,678)
Write off	-	-	(3,621)	-	(6,969)	-	-	(10,590)
At 31 December 2005	-	-	319,217	119,248	2,159,621	447,179	94,240	3,139,505
<i>Carrying amount</i>								
At 31 December 2005	13,236,641	2,383,663	649,286	899,660	1,867,247	166,302	1,092,280	20,295,079

11. ACCOUNTANTS' REPORT (Cont'd)**7. AUDITED FINANCIAL STATEMENTS (Cont'd)****7.2 IASB AND ITS SUBSIDIARY, IGSB (Cont'd)****7.2.4 NOTES TO FINANCIAL STATEMENTS (Cont'd)****(f) PROPERTY, PLANT AND EQUIPMENT (Cont'd)**

<i>Cost</i>	Freehold land RM	Buildings RM	Office equipment RM	Furniture and fittings RM	Site equipment and machinery RM	Motor vehicles RM	Renovation RM	Total RM
At 1 January 2006	13,236,641	2,383,663	968,503	1,018,908	4,026,868	613,481	1,186,520	23,434,584
Additions	1,026,262	3,919,920	357,165	130,449	135,138	105,627	542,054	6,216,615
Disposals	-	-	(5,615)	-	(13,360)	-	-	(18,975)
Write off	-	-	(10,630)	-	(10,290)	-	-	(20,920)
At 31 December 2006	14,262,903	6,303,583	1,309,423	1,149,357	4,138,356	719,108	1,728,574	29,611,304
<i>Depreciation</i>								
At 1 January 2006	-	-	319,217	119,248	2,159,621	447,179	94,240	3,139,505
Charge for the year	-	-	114,145	112,231	518,731	120,284	165,852	1,031,243
Disposals	-	-	(1,849)	-	(6,735)	-	-	(8,584)
Write off	-	-	(4,721)	-	(3,246)	-	-	(7,967)
At 31 December 2006	-	-	426,792	231,479	2,668,371	567,463	260,092	4,154,197
<i>Carrying amount</i>								
At 31 December 2006	14,262,903	6,303,583	882,631	917,878	1,469,985	151,645	1,468,482	25,457,107

11. ACCOUNTANTS' REPORT (Cont'd)

7. AUDITED FINANCIAL STATEMENTS (Cont'd)

7.2 IASB AND ITS SUBSIDIARY, IGSB (Cont'd)

7.2.4 NOTES TO FINANCIAL STATEMENTS (Cont'd)

(f) PROPERTY, PLANT AND EQUIPMENT (Cont'd)

<i>Cost</i>	Freehold land RM	Buildings RM	Office equipment RM	Furniture and fittings RM	Site equipment and machinery RM	Motor vehicles RM	Renovation RM	Total RM
At 1 January 2007	14,262,903	6,303,583	1,309,423	1,149,357	4,138,356	719,108	1,728,574	29,611,304
Effect of adopting FRS 140	-	(6,303,583)	-	-	-	-	-	(6,303,583)
Additions	-	-	136,642	69,515	813,015	649,000	161,830	1,830,002
Disposals	-	-	(2,305)	-	(120,820)	-	-	(123,125)
Write off	-	-	(24,652)	-	(25,615)	-	-	(50,267)
At 31 December 2007	14,262,903	-	1,419,108	1,218,872	4,804,936	1,368,108	1,890,404	24,964,331
<i>Depreciation</i>								
At 1 January 2007	-	-	426,792	231,479	2,668,371	567,463	260,092	4,154,197
Charge for the year	-	-	136,733	118,532	458,707	164,972	180,322	1,059,266
Disposals	-	-	(388)	-	(35,057)	-	-	(35,445)
Write off	-	-	(13,860)	-	(11,836)	-	-	(25,696)
At 31 December 2007	-	-	549,277	350,011	3,080,185	732,435	440,414	5,152,322
<i>Carrying amount</i>								
At 31 December 2007	14,262,903	-	869,831	868,861	1,724,751	635,673	1,449,990	19,812,009

11. ACCOUNTANTS' REPORT (Cont'd)**7. AUDITED FINANCIAL STATEMENTS (Cont'd)****7.2 IASB AND ITS SUBSIDIARY, IGSB (Cont'd)****7.2.4 NOTES TO FINANCIAL STATEMENTS (Cont'd)****(f) PROPERTY, PLANT AND EQUIPMENT (Cont'd)**

<i>Cost</i>	Freehold land RM	Office equipment RM	Furniture and fittings RM	Site equipment and machinery RM	Motor vehicles RM	Renovation RM	Total RM
At 1 January 2008	14,262,903	1,419,108	1,218,872	4,804,936	1,368,108	1,890,404	24,964,331
Additions	3,650,000	356,997	201,048	11,470,331	916,538	1,025,615	17,620,529
Disposals	-	(27,200)	-	(52,000)	-	-	(79,200)
Write off	-	(32,644)	(2,970)	(16,295)	-	(71,769)	(123,678)
At 31 December 2008	17,912,903	1,716,261	1,416,950	16,206,972	2,284,646	2,844,250	42,381,982
<i>Depreciation</i>							
At 1 January 2008	-	549,277	350,011	3,080,185	732,435	440,414	5,152,322
Charge for the year	-	165,724	133,950	784,205	325,502	266,824	1,676,205
Disposals	-	(16,122)	-	(24,157)	-	-	(40,279)
Write off	-	(17,668)	-	(5,676)	-	(21,373)	(44,717)
At 31 December 2008	-	681,211	483,961	3,834,557	1,057,937	685,865	6,743,531
<i>Carrying amount</i>							
At 31 December 2008	17,912,903	1,035,050	932,989	12,372,415	1,226,709	2,158,385	35,638,451

11. ACCOUNTANTS' REPORT (Cont'd)

7. AUDITED FINANCIAL STATEMENTS (Cont'd)

7.2 IASB AND ITS SUBSIDIARY, IGSB (Cont'd)

7.2.4 NOTES TO FINANCIAL STATEMENTS (Cont'd)

(f) PROPERTY, PLANT AND EQUIPMENT (Cont'd)

<i>Cost</i>	Freehold land RM	Office equipment RM	Furniture and fittings RM	Site equipment and machinery RM	Motor vehicles RM	Renovation RM	Total RM
At 1 January 2009	17,912,903	1,716,261	1,416,950	16,206,972	2,284,646	2,844,250	42,381,982
Additions	103,071	467,961	22,936	1,862,123	7,000	151,159	2,614,250
Disposals	-	(1,060)	-	(5,210)	(1,600)	-	(7,870)
Write off	-	(34,590)	-	(17,850)	-	(2,000)	(54,450)
At 31 December 2009	18,015,974	2,148,572	1,439,886	18,046,035	2,290,046	2,993,409	44,933,922

Depreciation

At 1 January 2009	-	681,211	483,961	3,834,557	1,057,937	685,865	6,743,531
Charge for the year	-	191,629	141,911	1,805,865	338,703	296,603	2,774,711
Disposals	-	(225)	-	(2,535)	(360)	-	(3,120)
Write off	-	(25,542)	-	(7,283)	-	(692)	(33,517)
At 31 December 2009	-	847,073	625,872	5,630,604	1,396,280	981,776	9,481,605

Net book value

At 31 December 2009	18,015,974	1,301,499	814,014	12,415,431	893,766	2,011,633	35,452,317
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11. ACCOUNTANTS' REPORT (Cont'd)**7. AUDITED FINANCIAL STATEMENTS (Cont'd)****7.2 IASB AND ITS SUBSIDIARY, IGSB (Cont'd)****7.2.4 NOTES TO FINANCIAL STATEMENTS (Cont'd)****(f) PROPERTY, PLANT AND EQUIPMENT (Cont'd)***Security*

The freehold land of the Group with carrying amount of RM18,015,974 is charged to a licensed bank as security for banking facilities granted to the Group.

(g) INVESTMENT PROPERTIES

	2005 RM	2006 RM	2007 RM	2008 RM	2009 RM
Cost					
At 1 January	-	-	-	6,297,983	5,747,727
Effect of adopting FRS 140	-	-	6,303,583	-	-
Restated balance	-	-	6,303,583	6,297,983	5,747,727
Reclassified from inventories	-	-	-	-	33,166,053
Additions	-	-	-	-	6,847,197
Disposals	-	-	(5,600)	(550,256)	(5,600)
At 31 December	-	-	6,297,983	5,747,727	45,755,377
Depreciation					
At 1 January	-	-	-	116,354	230,850
Depreciation for the year	-	-	116,410	120,457	171,903
Disposals	-	-	(56)	(5,961)	(215)
At 31 December	-	-	116,354	230,850	402,538
Carrying amount					
At 1 January	-	-	-	-	5,516,877
Effect of adopting FRS 140	-	-	6,303,583	-	-
Restated balance	-	-	6,303,583	-	5,516,877
At 31 December	-	-	6,181,629	5,516,877	45,352,839

11. ACCOUNTANTS' REPORT (Cont'd)**7. AUDITED FINANCIAL STATEMENTS (Cont'd)****7.2 IASB AND ITS SUBSIDIARY, IGSB (Cont'd)****7.2.4 NOTES TO FINANCIAL STATEMENTS (Cont'd)****(g) INVESTMENT PROPERTIES (Cont'd)**

Based on Directors' estimate, the fair value of investment properties as at 31 December 2009 is approximately RM52 million.

Securities

Certain buildings of the Group and of the Company with carrying amount of RM37,183,377 and RM718,941 respectively as at 31 December 2009 are charged to a licensed bank as securities for banking facilities granted to the Group.

(h) LAND HELD FOR PROPERTY DEVELOPMENT

	2005 RM	2006 RM	2007 RM	2008 RM	2009 RM
Freehold land					
At 1 January	-	-	-	-	25,000,000
Additions	-	-	-	25,000,000	-
Reclassified from property development costs (Note 7.2.4(i))	-	-	-	-	1,276,890
At 31 December	-	-	-	25,000,000	26,276,890

The above property is charged to a licensed bank for banking facility granted to the Company.

(i) PROPERTY DEVELOPMENT COSTS

	2005 RM	2006 RM	2007 RM	2008 RM	2009 RM
<i>At 1 January</i>					
Land	2,200,000	57,633,526	61,726,940	63,228,147	38,983,209
Development costs	7,523,008	57,028,916	49,936,254	112,620,813	76,035,186
Accumulated costs charged to income statement	-	(30,884,840)	(25,414,324)	(76,431,104)	(24,568,303)
	9,723,008	83,777,602	86,248,870	99,417,856	90,450,092

11. ACCOUNTANTS' REPORT (Cont'd)**7. AUDITED FINANCIAL STATEMENTS (Cont'd)****7.2 IASB AND ITS SUBSIDIARY, IGSB (Cont'd)****7.2.4 NOTES TO FINANCIAL STATEMENTS (Cont'd)****(i) PROPERTY DEVELOPMENT COSTS (Cont'd)**

	2005 RM	2006 RM	2007 RM	2008 RM	2009 RM
Add : Interest capitalised as part of the land costs	55,433,526	4,093,414	1,501,207	869,792	1,381,130
Development costs incurred during the year	49,505,908	50,032,129	62,684,559	157,249,765	57,827,843
Reclassification from amount due from contract customers	-	-	-	1,039,728	-
Less : Cost charged to income statement	(30,884,840)	(36,821,637)	(51,016,780)	(95,994,335)	(34,734,056)
Transfer to inventories	-	(14,001,201)	-	(72,132,714)	-
Transfer to amount due from contract customers	-	(831,437)	-	-	-
Reclassified to land held for development property (Note 7.2.4(h))	-	-	-	-	(1,276,890)

At 31 December

Land	57,633,526	61,726,940	63,228,147	38,983,209	40,364,339
Development costs	57,028,916	49,936,254	112,620,813	76,035,186	132,586,139
Accumulated costs charged to income statement	(30,884,840)	(25,414,324)	(76,431,104)	(24,568,303)	(59,302,359)
	<u>83,777,602</u>	<u>86,248,870</u>	<u>99,417,856</u>	<u>90,450,092</u>	<u>113,648,119</u>

- (i) Included in property development costs incurred during the year of the Group are the following :

	2005 RM	2006 RM	2007 RM	2008 RM	2009 RM
Staff costs	2,352,991	855,220	-	3,884	9,458
Interest expense	1,437,597	2,816,149	2,791,941	2,743,643	3,975,665

11. ACCOUNTANTS' REPORT (Cont'd)**7. AUDITED FINANCIAL STATEMENTS (Cont'd)****7.2 IASB AND ITS SUBSIDIARY, IGSB (Cont'd)****7.2.4 NOTES TO FINANCIAL STATEMENTS (Cont'd)****(i) PROPERTY DEVELOPMENT COSTS (Cont'd)**

(ii) The above property development are charged to a licensed bank as securities for banking facilities granted to the Group.

(iii) Property development costs in respect of joint-venture projects are as follows :

	2005	2006	2007	2008	2009
	RM	RM	RM	RM	RM
Project					
TP Tourist Mall *	184,417	294,588	421,337	737,888	1,127,885
Aston Villa **	-	2,364,910	2,613,699	3,534,890	4,308,431
Ivory Eco Park ***	-	-	202,545	-	-
The View ****	19,892,920	-	-	-	-
Island Resort *****	42,381	-	-	-	-
	<u>20,119,718</u>	<u>2,659,498</u>	<u>3,237,581</u>	<u>4,272,778</u>	<u>5,436,316</u>

* The joint-venture partner is entitled to 40% of gross sales proceeds

** The joint-venture partner is entitled to 26.5% of gross sales proceeds

*** The joint-venture partner is entitled to 30% of gross sales proceeds

**** The joint-venture partner is entitled to 20% of gross sales proceeds

***** The joint-venture agreement has been rescinded in the current financial year. However, the Company still remains as the main contractor for the project.

(j) INVENTORIES

	2005	2006	2007	2008	2009
	RM	RM	RM	RM	RM
Completed development properties, at cost	<u>11,967,752</u>	<u>21,384,447</u>	<u>16,725,580</u>	<u>88,858,294</u>	<u>50,216,763</u>