

## 11. FINANCIAL INFORMATION

### 11.1 CONSOLIDATED FINANCIAL INFORMATION

The proforma consolidated results have been extracted from the Accountants' Report set out in Section 13 of this Prospectus and should be read in conjunction with the notes and assumptions thereto.

The following table sets out a summary of the proforma consolidated results of the Group for the past five (5) financial years ended 31 January 2003 and for the eleven (11) months period ended 31 December 2003, presented for illustrative purposes only and on the assumption that the Group has been in existence throughout the period under review. The financial year end of the Group has been changed from 31 January to 31 December effective in 2003.

Financial year ended 31 January	1999	2000	2001	2002	2003	11 months period ended 31 December 2003
	(RM'000)	(RM'000)	(RM'000)	(RM'000)	(RM'000)	(RM'000)
Revenue	50,755	34,071	28,630	52,002	48,907	69,198
Profit before gain on disposal of subsidiary, finance cost, depreciation and taxation charges	5,468	5,914	4,034	16,901	17,671	16,863
Gain on disposal of subsidiary	-	-	-	-	-	16,900
Finance cost	(10)	(52)	(27)	(35)	(22)	(87)
Depreciation	(349)	(248)	(298)	(486)	(645)	(725)
PBT	5,109	5,614	3,709	16,380	17,004	32,951
Taxation	98	(1,484)	(1,588)	(4,580)	(5,638)	(4,371)
PAT	5,207	4,130	2,121	11,800	11,366	28,580
MI	-	-	-	-	-	-
PAT after MI	5,207	4,130	2,121	11,800	11,366	28,580
No. of Shares assumed in issue ('000)	74,121	74,121	74,121	74,121	74,121	74,121
Gross EPS (RM)	0.07	0.08	0.05	0.22	0.23	*0.46
Net EPS (RM)	0.07	0.06	0.03	0.16	0.15	**0.40

**Notes:-**

- (i) *The proforma consolidated results are based on the audited financial statements of Ibraco and its subsidiary companies.*
- (ii) *There were no exceptional or EI for the financial years under review other than the gain on disposal of IPHSB that amounted to approximately RM16.9 million during the 11 months period ended 31 December 2003.*
- (iii) *The net EPS have been calculated based on the PAT and the number of Shares assumed in issue after the Acquisitions and Issuance of Shares to Employees but before the Public Issue.*
- \* *Based on annualised PBT of approximately RM34.41million .*
- \*\* *Based on annualised PAT after MI of approximately RM29.64 million.*

## 11. FINANCIAL INFORMATION (cont'd)

### 11.2 ANALYSIS OF FINANCIAL INFORMATION

#### 11.2.1 Segmental Analysis of Turnover and PBT

##### Analysis of Turnover by Company:-

Year ended 31 January	1999 RM'000	2000 RM'000	2001 RM'000	2002 RM'000	2003 RM'000	11 months period ended 31 December 2003 RM'000
Ibraco	46,060	28,060	23,954	47,593	35,842	42,362
SIPSB	10,507	3,820	545	2,356	3,070	21,086
ILCDA	1,841	2,694	4,635	2,558	12,495	5,865
	58,408	34,574	29,134	52,507	51,407	69,313
Consolidation adjustment	(7,653)	(503)	(504)	(505)	(2,500)	(115)
	50,755	34,071	28,630	52,002	48,907	69,198

##### Analysis of PBT by Company:-

Year ended 31 January	1999 RM'000	2000 RM'000	2001 RM'000	2002 RM'000	2003 RM'000	11 months period ended 31 December 2003 RM'000
Ibraco	7,282	5,063	3,624	15,632	11,019	31,370
SIPSB	1,558	473	(741)	360	1,310	20,680
ILCDA	624	65	813	376	5,753	350
	9,464	5,601	3,696	16,368	18,082	52,400
Consolidation adjustment	(4,355)	13	13	12	(1,078)	(19,449)
	5,109	5,614	3,709	16,380	17,004	32,951

#### 11.2.2 Overview Of Revenue And PBT

##### Financial Year ended 31 January 1999

The turnover of the proforma Group for the year ended 31 January 1999 was approximately RM50.8 million and property development was the sole contributor of the total turnover. The proforma Group recorded a PBT of RM5.1 million for the financial year ended 31 January 1999.

The major projects contributing to the turnover included the development of Tabuan Heights Phase IV and Tabuan Jaya Phase 4 Stage 6 mixed residential projects. These two projects contributed a turnover of approximately RM48.4 million.

During the financial year, 243 units of mixed residential properties at Tabuan Heights Phase V were launched and the response was good.

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**11. FINANCIAL INFORMATION (cont'd)**

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***Financial Year ended 31 January 2000***

For the financial year ended 31 January 2000, the proforma Group recorded a total turnover of RM34.1 million, a decrease of 33% from those achieved during the financial year ended 31 January 1999. Despite the decrease in turnover, the proforma Group registered a slight increase in PBT of RM0.5 million from RM5.1 million to RM5.6 million.

Tabuan Heights Phase V contributed approximately RM31.3 million or 91% of the total turnover. The decrease in turnover was mainly due to the completion of other development projects and there was no major project launches during the year.

The increase in profit was mainly due to higher profit margin resulting from sale of developed detached lots at Tabuan Court and developed light industrial building lots at Muara Tabuan Phase V Stage 2.

***Financial Year ended 31 January 2001***

The total turnover and PBT of the proforma Group for the financial year ended 31 January 2001 were RM28.6 million and RM3.7 million respectively. The turnover decreased by RM5.4 million or 15.9% and the PBT decreased by RM1.9 million or 34%.

The major contributors to the total turnover were Tabuan Heights Phase V, Tabuan Heights Extension and Tabuan Heights Phase VI. The decrease in turnover is mainly due to the completion of Tabuan Heights Phase V project where the construction was in the advanced stage at the beginning of the year. Tabuan Heights Extension and Tabuan Heights Phase VI were launched towards the third and fourth quarters of 2000 respectively and lower turnover were recognised at the earlier stage of the buildings construction.

The response for Tabuan Heights Extension comprising 62 units of mixed development housing units and Tabuan Heights Phase VI comprising 96 units of double storey semi-detached and terraced houses were good.

***Financial Year ended 31 January 2002***

For financial year ended 31 January 2002, Ibraco Group recorded an increase in total turnover of RM23.4 million or 81.6%. The PBT registered an increase of 342 % from RM3.7 million to RM16.4 million. Property development was the sole contributor of the total turnover.

The major projects contributing to the turnover were Tabuan Heights Extension, Tabuan Heights Phase VI, Tabuan Heights Junction and Tabuan Court. The significant increase in profit is mainly due to higher profit margin resulting from sale of developed detached lots at Tabuan Court and the balance of developed lots from other previous projects.

Tabuan Heights Junction was launched in July 2001 and the response was good.

***Financial Year ended 31 January 2003***

The total turnover and PBT of the Group for the financial year ended 31 January 2003 were RM48.9 million and RM17.0 million respectively. The turnover decreased by RM3.1 million or 6% and the PBT increased by RM0.624 million or 4%. Property development accounted for 100% of the total turnover.

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**11. FINANCIAL INFORMATION (cont'd)**

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The major contributors to the Group's turnover were Tabuan Heights Junction, Tabuan Heights Phase VI, Tabuan Heights Phase VIII and Muara Tabuan Phase 5 Stage 3. The decrease in turnover is mainly due to the completion of Tabuan Heights Phase VI and Tabuan Heights Junction projects where the constructions were in the advanced stage at the beginning of the year. Tabuan Heights Phase VIII was launched in May 2002 and lower turnover was recognised at the earlier stage of the buildings construction.

During the financial year, there were sales of improved land which contributed to the higher profit margin.

During the financial year, Tabuan Heights Phase VII comprising 47 commercial shop houses, Muara Tabuan Phase 5 Stage 3 (light industrial buildings) and Tabuan Jaya Baru Phase 1 (mixed residential) were launched and the response were good.

***Financial Period for the 11 months ended 31 December 2003***

The total turnover and PBT of the Group for the financial period ended 31 December 2003 were RM69.2 million and RM32.95 million respectively.

Revenue of the Group was mainly derived from invoiced sales of development properties. The major projects contributing to the Group revenue were Tabuan Heights Phase VII (commercial shop houses), Tabuan Heights Phase 8 (mixed residential), Tabuan Jaya Baru Phase 1 (mixed residential) and Muara Tabuan Phase 5 Stage 3 (light industrial buildings). These projects were carried forward from the year ended 31 January 2003.

The Group's PBT improved significantly due to the gain on disposal of an indirect subsidiary company, namely IPHSB.

**11.3 FINANCIAL PERFORMANCE, POSITION AND OPERATIONS**

Save as disclosed in this Prospectus, the Directors are of the view that the financial performance, position and operations of the Group are not affected by any of the following: -

- (i) Known trends, demands, commitments, events or uncertainties that have had, or that the Group reasonably expects to have, a material favourable or unfavourable impact on financial performance, position and operations of the Group;
- (ii) Material capital commitments;
- (iii) Unusual, infrequent events or transactions or any significant economic changes that have materially affected the financial performance, position and operations of the Group were;
- (iv) Known events, circumstances, trends, uncertainties and commitments that are reasonably likely to make the historical financial statements not indicative of future financial performance and position, other than those stated in this Prospectus, in particular, the gain on disposal of an indirect subsidiary company, namely IPHSB.

## 11. FINANCIAL INFORMATION (cont'd)

### 11.4 WORKING CAPITAL, BORROWINGS, CONTINGENT LIABILITIES, MATERIAL CAPITAL COMMITMENT AND MATERIAL LITIGATION/ ARBITRATION

#### (i) Working Capital

The Directors of Ibraco are of the opinion that, after taking into account the cashflow position, the banking facilities available and the net proceeds from the IPO, the Group will have adequate working capital for a period not less than twelve (12) months from the date of issue of this Prospectus.

#### (ii) Borrowings

As at 31 March 2004 (being the last practicable date prior to the printing of this Prospectus) the total bank borrowings amounted to approximately RM55.36 million.

The borrowings can be analysed further as follows: -

Borrowings	Amount (RM'000)	Amount (RM'000)
Long Term borrowings		
• Interest bearing	1,800	
• Non-interest bearing*	15,500	17,300
Short Term borrowings		
• Interest bearing	36,312	
• Non-interest bearing*	1,750	38,062
<b>Total Borrowings</b>		<b>55,362</b>

*Note:-*

\* *Islamic facilities*

The Group has no foreign currency borrowings.

The Board wishes to confirm that there have been no default on payments of interest or principal sums in respect of its borrowing throughout the past one (1) financial year and the subsequent financial period thereof, preceding the date of this Prospectus.

#### (iii) Contingent Liabilities

The Directors of Ibraco declare that, as at 31 March 2004, (being the last practicable date prior to the printing of this Prospectus), there are no contingent liabilities incurred by the Group.

#### (iv) Material Capital Commitment

As at 31 March 2004 (being the latest practicable date prior to the printing of Prospectus), there are no material capital commitments for capital expenditure incurred or known to be incurred by the Group, which may have a substantial impact on the financial position of the Group.

#### (v) Material Litigation/Arbitration

As at 31 March 2004, (being the latest practicable date to the printing of the Prospectus), neither the Company nor its subsidiary companies are engaged in any material litigation and arbitration, either as plaintiff or defendant, which has a material effect on the financial position of Ibraco or its subsidiary companies and the Directors do not know of any proceedings pending or threatened or of any facts likely to give rise to any proceedings which might materially and adversely affect the position or business of Ibraco Group.

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**11. FINANCIAL INFORMATION (cont'd)**


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**11.5 CONSOLIDATED PROFIT FORECAST AND ASSUMPTIONS FOR THE FINANCIAL YEAR ENDING 31 DECEMBER 2004**

The Directors of Ibraco forecast that, the forecast financial performance of the Group for the financial year ending 31 December 2004 will be as follows:-

	<b>RM'000</b>
Revenue	145,289
Consolidated PBT	29,152
Less: Taxation	(7,090)
Consolidated PAT after MI	<u>22,062</u>
Enlarged issued and paid-up share capital ('000)	90,000
Gross EPS (sen)	32.39
Net EPS (sen)	24.51
Gross PE Multiple based on the IPO Price of RM1.20 per Share	3.70
Net PE Multiple based on the IPO Price of RM1.20 per Share	4.90

The principal assumptions upon which the above consolidated profit forecast have been made are disclosed in the Reporting Accountants' Letter set out in Section 11.6 of this Prospectus.

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## 11. FINANCIAL INFORMATION (cont'd)

### 11.6 REPORTING ACCOUNTANTS' LETTER ON THE CONSOLIDATED PROFIT FORECAST OF THE IBRACO GROUP FOR THE FINANCIAL YEAR ENDING 31 DECEMBER 2004 TOGETHER WITH THE BASES AND ASSUMPTIONS

**ERNST & YOUNG** (AF: 0039)

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### REPORTING ACCOUNTANTS' LETTER ON THE CONSOLIDATED PROFIT FORECAST

Prepared for inclusion in the Prospectus to be dated **12 MAY 2004**

**05 MAY 2004**

The Board of Directors  
Ibraco Berhad  
No. 898, Ibraco House  
Jalan Wan Alwi, Tabuan Jaya  
93350 Kuching  
Sarawak

Dear Sirs

### IBRACO BERHAD ("IB")(Formerly known as Ibraco Realty Development Berhad) CONSOLIDATED PROFIT FORECAST FOR THE YEAR ENDING 31 DECEMBER 2004

We have reviewed the forecast of consolidated profit after taxation of IB and its subsidiaries ("the Group or IB Group") for the year ending 31 December 2004 as set out in the Prospectus of IB, in accordance with the professional standard in Malaysia applicable to the review of forecasts, AI 810. The forecast has been prepared in connection with the public issue of 15,879,200 new ordinary shares of RM1.00 each in IB at an issue price of RM1.20 per share and the proposed listing of and quotation for IB's enlarged issued and fully paid-up capital on the Main Board of Bursa Malaysia Securities Berhad ("Bursa Malaysia") ("Proposed Restructuring and Listing") 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 forecast, in all material respects, 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 period ended 31 December 2003. The Directors of IB are solely responsible for the preparation and presentation of the forecast and the assumptions on which the forecast is based.

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**11. FINANCIAL INFORMATION (cont'd)**

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**ERNST & YOUNG** (AF: 0039)

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 variations could be material.


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 Prospectus of IB, do not provide a reasonable basis for the preparation of the forecast of consolidated profit after taxation and minority interests; and
- (ii) in our opinion, the forecast of consolidated profit after taxation and minority interests, 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 period ended 31 December 2003.

The accompanying forecast and this letter have been prepared solely for the purposes stated above, in connection with the aforementioned proposal(s). This letter is not to be reproduced, referred to in any other document, or used for any other purpose without our prior written consent.

Yours faithfully

  
**ERNST & YOUNG**  
AF: 0039  
Chartered Accountants

  
**YONG VOON KAR**  
1769/04/06 (J/PH)  
Partner



## 11. FINANCIAL INFORMATION (cont'd)

**IBRACO BERHAD**  
**CONSOLIDATED PROFIT FORECAST**  
**FOR THE YEAR ENDING 31 DECEMBER 2004**

**ERNST & YOUNG**  
Chartered Accountants Kuching  
For identification purposes only.

The Directors of IB forecast that, in the absence of unforeseen circumstances, the consolidated profit after taxation for the year ending 31 December 2004 will be as follows:

	<b>2004 Forecast RM'000</b>
Revenue	145,289 =====
Consolidated profit before taxation	29,152
Taxation	(7,090)
Consolidated profit after taxation	22,062 =====

## 11. FINANCIAL INFORMATION (cont'd)



**IBRACO BERHAD**  
**CONSOLIDATED PROFIT FORECAST**  
**FOR THE YEAR ENDING 31 DECEMBER 2004**

	<b>2004 Forecast</b>
Weighted average number of ordinary shares in issue (RM'000) @	81,920
Enlarged number of ordinary shares in issue after the restructuring and listing exercise (RM'000)	90,000
Gross EPS (sen)*	35.59
Net EPS (sen)**	26.93
Fully diluted gross EPS (sen)#	32.39
Fully diluted net EPS (sen)##	24.51

@ The weighted average number of ordinary shares in issue is calculated on the assumption that the shares issued for the acquisitions of the remaining ordinary shares in Syarikat Ibraco-Peremba Sdn. Bhd. ("SIP") and Ibraco-LCDA Sdn. Bhd. ("ILCDA"), to employees, and the Public Issue are completed in February 2004, March 2004 and May 2004 respectively.

\* Calculated based on the consolidated profit before taxation totalling RM29,152,000 and on the weighted average number of ordinary shares in issue of 81,920,000 shares.

\*\* Calculated based on the consolidated profit after taxation totalling RM22,062,000 and on the weighted average number of ordinary shares in issue of 81,920,000 shares.

# Calculated based on the consolidated profit before taxation totalling RM29,152,000 and on the enlarged number of ordinary shares in issue of 90,000,000 shares.

## Calculated based on the consolidated profit after taxation totalling RM22,062,000 and on the enlarged number of ordinary shares in issue of 90,000,000 shares.

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**11. FINANCIAL INFORMATION (cont'd)**

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**IBRACO BERHAD  
CONSOLIDATED PROFIT FORECAST  
FOR THE YEAR ENDING 31 DECEMBER 2004**

 <b>ERNST &amp; YOUNG</b> Chartered Accountants Kuching For identification purposes only.
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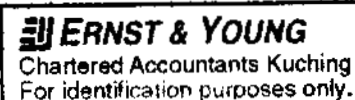
Principal bases and assumptions upon which the consolidated profit forecast has been prepared are as follows:

1. IB will carry out the following, which shall hereinafter be collectively referred to as the "Restructuring and Listing Exercise".
  - a) A Public Issue by IB of 15,879,200 new ordinary shares of RM1.00 each at an issue price of RM1.20 per share, for cash ("Public Issue") expected to be completed on May 2004.
  - b) The listing and quotation for the entire enlarged issued and paid-up share capital of IB comprising 90,000,000 ordinary shares of RM1.00 each on the Main Board of Bursa Malaysia.
  - c) Subsequent to the listing and quotation of the entire enlarged issued and paid of share capital of IB comprising 90,000,000 ordinary shares of RM1.00 each on the Main Board of Bursa Malaysia and as part of the listing and quotation exercise IB by virtue of an option agreement signed between IB and Ibraco Properties Sdn. Bhd. ("IP"), IP has granted an option to IB to purchase approximately 255 acres of IP's land (comprised about 78 parcels of land), to be exercised within certain option periods for each parcel specified in the option agreement and the option price for each parcel shall be fixed based on the market price for such land at the time of the exercise of the option. The consideration for such option land shall be satisfied by the issuance of shares where the number and issue price will be determined at a later date. There are certain development schemes planned by IB for the years 2004 to 2008 on the aforesaid parcels of land owned by IP.
2. There will be no material changes in the structure as well as the principal activities of the Group other than those planned and incorporated in the forecast;
3. There will be no significant adverse changes in the current demand and in the prevailing market conditions in Malaysia and overseas which will adversely affect the Group's performance;
4. There will be no major economic and political changes or any abnormal circumstances which will adversely affect the Group's operation;
5. The Group will be able to obtain the required quantum of materials required for the Group's operation and the average cost of such materials will not fluctuate materially from those used in the forecast;
6. The inflation rate will not change significantly from the present level, which will adversely affect the performance of the proposed Group;

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**11. FINANCIAL INFORMATION (cont'd)**

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**IBRACO BERHAD  
CONSOLIDATED PROFIT FORECAST  
FOR THE YEAR ENDING 31 DECEMBER 2004**

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7. The costs of materials, sub-contractor fee, labour and overheads for the Group's operations will not change materially from the present levels;
8. There will be no significant variation in the forecasted average selling prices and sales volume of the Group from those used in the forecast, which will adversely affect the performance of the Group;
9. There will be no material changes in the present legislation or government regulations rates and basis of duties, levies, cess and taxes that will adversely affect the activities of the Group;
10. The Group will be able to obtain the necessary approval from the relevant authorities for its planned development project as per scheduled;
11. There will be no significant variation in the planned development programme of the Group and the programme will be implemented as scheduled;
12. There will be no unfavourable weather conditions, natural disasters or major disruption in the construction and development works arising from industrial disputes, labour shortage, or any abnormal circumstances that will adversely affect the completion of the development project;
13. There will be no material changes in the management, operation trading and policies currently adopted by the Group, which will adversely affect the performance of the Group;
14. The existing financial facilities will remain available to the Group and the prevailing interest rates will not change materially from the present levels;
15. There will be no significant variation in the exchange rates of foreign currencies, which are based on the prevailing exchange rate by US\$1.00 to RM3.80 that will adversely affect the performance of the Group;
16. There will be no acceleration costs being incurred.
17. Capital expenditure programmes of the Group will be implemented as planned and there will be no material acquisition and disposals of property, plant and equipment other than those planned;

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**11. FINANCIAL INFORMATION (cont'd)**

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**IBRACO BERHAD  
CONSOLIDATED PROFIT FORECAST  
FOR THE YEAR ENDING 31 DECEMBER 2004**

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18. Gross profit margin for projects are as follows:

- 18.1 Detached Lots - 50%;
- 18.2 Double Storey Semi Detached - 22%;
- 18.3 Double-Storey Terrace (Corner) – 22%;
- 18.4 Double-Storey Terrace – 22%;
- 18.5 Condominium – 22%;
- 18.6 Apartments – 22%;
- 18.7 Shop lots – 47%;
- 18.8 Complex block – 50%;
- 18.9 Petrol Station – 53%;
- 18.10 Industrial – 20%;
- 18.11 Low cost houses (Muara Tuang Proposal & Stutong extension) – (24%);
- 18.12 Low cost houses (Stutong Stage 1 & 2) – (25%);
- 18.13 Low cost houses (Stutong Plus) – (25%).

All houses developed will be fully sold off; 80% sales upon launching and the remaining 20% after building completed for new projects.

- 19. As far as other operating income is concerned, SIP and ILCDA's will be mainly interest income on cash surpluses.
- 20. There will be no other operating income for IB.
- 21. Finance cost is assumed at 7.5% p.a and calculated based on opening and closing balances of each quarter. Assumed 80% surplus cash balances would be placed in short term investment at an interest rate of 3% p.a.
- 22. Assume administrative expenses to increase by 5% annually, except for depreciation.

## 11. FINANCIAL INFORMATION (cont'd)



**IBRACO BERHAD**  
**CONSOLIDATED PROFIT FORECAST**  
**FOR THE YEAR ENDING 31 DECEMBER 2004**

23. Assume staff cost of IB to increase by RM700,000 in the year ending 31 December 2004 due to increase in activities.
24. Statutory tax rate is at 28% and assumed constant throughout the forecast year.
25. The gross proceeds arising from the Public Issue amounting to RM19.055 million will be utilised as follows:

	<b>RM'000</b>
Repayment of bank borrowings	8,000
Working capital	8,555
Estimated listing expenses	2,500
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	<b>19,055</b>
	=====

26. Cost of Sales will be calculated based on the following bases:

	<b>Percentage over total Cost of sales</b>
Land	10%
Earth works	2%
Civil	12%
Building	66%
Misc.	10%
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	<b>100%</b>
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## 11. FINANCIAL INFORMATION (cont'd)

### 11.7 DIRECTORS' COMMENTS ON THE PROFIT FORECAST

The Board expects the Group's revenue to increase for the financial year ending 31 December 2004 resulting from the expected rise in demand for the Group's property projects. Therefore, the forecast revenue in the financial year ending 31 December 2004 will reach approximately RM145.29 million representing an increase of approximately RM76 million or approximately 110% as compared to the 11 months financial period ended 31 December 2003. Despite the significant increase in revenue, the Group's PBT and PAT are forecasted to decline by approximately 12% and 23% respectively as compared to the 11 months financial period ended 31 December 2003. The higher PBT and PAT for the 11 months financial period ended 31 December 2003 were mainly due to the gain on disposal of an indirect subsidiary company.

The Board confirms that the consolidated profit forecast of Ibraco and the underlying bases and assumptions stated herein have been reviewed by the Directors after due and careful inquiries, and that the Directors, having taken into account the future prospects of the industry, the future direction of the Group and its level of gearing, liquidity and working capital requirements, are of the opinion that the profit forecast of the Group are achievable and the assumptions made are reasonable.

Nevertheless, in the light of the current economic environment in Malaysia, regionally and globally, certain assumptions, including interest and exchange rates, may differ significantly from the date of this Prospectus and this may have a material impact on the Group's profit forecast.

### 11.8 DIVIDEND FORECAST AND POLICY

It will be the policy of the Directors in recommending dividends to allow shareholders to participate in the profits of the Group as well as leaving adequate reserves for the future growth of the Group.

Based on the consolidated profit forecast for the year ending 31 December 2004 and assuming that the current basis for calculating taxation and the rates of taxation remain unchanged, the Directors of Ibraco anticipate that, the Company will be in a position to propose a gross dividend of 5 sen or 5 percent (5%) per Share for the financial year ending 31 December 2004, based on the enlarged issued and paid-up share capital of 90,000,000 Shares.

The intended appropriation of the forecast consolidated PAT after MI for the year ending 31 December 2004 would be as follows: -

Financial Year Ending 31 December	Forecast 2004 (RM'000)
Consolidated PBT	29,152
Less: Taxation	(7,090)
Consolidated PAT	22,062
Less: Pre-acquisition profit	-
Consolidated PAT after pre-acquisition profit	22,062
Less: Dividend#	(3,240)
Consolidated retained profit for the year	18,822
Gross dividend per Share (sen)	5.00
Gross dividend yield (%) <sup>(Note 1)</sup>	4.17
Net dividend per Share (sen)	3.60
Net dividend yield (%) <sup>(Note 1)</sup>	3.00
Net dividend cover (times)^	6.81



**11. FINANCIAL INFORMATION (cont'd)**Notes:-

# Based on enlarged issued and paid-up share capital after Public Issue of 90,000,000 Shares

(1) Based on the IPO price of RM1.20 per Share

The forecast dividend for the financial period ending 31 December 2004 will be waived if:-

- (a) Ibraco Group records a loss instead of the forecast profits; and/or
- (b) The payment of dividend would adversely affect Ibraco Group's cashflow and operations.

**11.9 SENSITIVITY ANALYSIS**

The following sensitivity analysis is prepared by the management of the Group and has not been independently verified by the Reporting Accountants. It is based on the forecast assumptions set out in Section 11.6 above and assumes all factors remain unchanged except for the 5% and 10% upward or downward variations in the turnover, cost of sales and operating and administrative expenses. Notwithstanding the impacts of the variations in the turnover, cost of sales and operating and administrative expenses as outlined here, there may exist other factors which have not been taken into account, where such variations may have a significant effect, either positively or negatively, on the financial performance of the Group. The sensitivity analysis is as follows: -

**11.9.1 Variations in Turnover - Due To Variation In Selling Prices Of Properties To Be Developed By Ibraco Group**Forecast for the financial year ending 31 December 2004

	Revenue (RM'000)	Cost Sales of (RM'000)	Gross Profit (RM'000)	PBT (RM'000)	PAT & After MI (RM'000)	GP Margin %
As Forecast	145,289	105,855	39,434	29,152	22,062	27%
Up to 10%	159,818	105,855	53,963	43,681	31,450	34%
Up to 5%	152,553	105,855	46,698	36,416	26,220	31%
Down 5%	138,025	105,855	32,170	21,888	15,759	23%
Down 10%	130,760	105,855	24,905	14,623	10,529	19%

**11.9.2 Variations in Cost of Sales - Due To Variation In Development And Construction Costs**Forecast for the financial year ending 31 December 2004

	Revenue (RM'000)	Cost Sales of (RM'000)	Gross Profit (RM'000)	PBT (RM'000)	PAT & After MI (RM'000)	GP Margin %
As Forecast	145,289	105,855	39,434	29,152	22,062	27%
Up to 10%	145,289	116,441	28,848	18,566	13,368	20%
Up to 5%	145,289	111,148	34,141	23,859	17,179	23%
Down 5%	145,289	100,562	44,727	34,445	24,800	31%
Down 10%	145,289	95,270	50,019	39,737	28,611	34%

**11. FINANCIAL INFORMATION (cont'd)****11.9.3 Variation in Operating and Administrative Expenses***Forecast for the financial year ending 31 December 2004*

	Revenue (RM'000)	Cost Sales of (RM'000)	Gross Profit (RM'000)	PBT (RM'000)	PAT & After MI (RM'000)	GP Margin %
As Forecast	145,289	105,855	39,434	29,152	22,062	27%
Up to 10%	145,289	105,855	39,434	28,332	20,399	27%
Up to 5%	145,289	105,855	39,434	28,742	20,694	27%
Down 5%	145,289	105,855	39,434	29,562	21,285	27%
Down 10%	145,289	105,855	39,434	29,972	21,580	27%

Based on the above analysis, the effects on the profits of the Group is most sensitive towards variations in turnover as opposed to variations in cost of sales and operating and administrative expenses. The analysis is made by varying one factor at a time while keeping all others constant. However, in real life scenario, more than one factor could vary at any instance. This could adversely affect the results of the analysis.

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**11. FINANCIAL INFORMATION (cont'd)****11.10 PROFORMA CONSOLIDATED BALANCE SHEETS OF IBRACO GROUP AS AT 31 DECEMBER 2003**

The Proforma Consolidated Balance Sheets as at 31 December 2003 set out below has been prepared for illustrative purposes only to show the effects on the audited balance sheet of Ibraco, had the Listing Scheme been effected on that date.

	Audited as at 31 December 2003 RM'000	Proforma I After the Acquisitions and Issuance of Shares to Employees RM'000	Proforma II Proforma I and Proposed Public Issue and utilisation of proceeds RM'000
PROPERTY, PLANT AND EQUIPMENT	3,193	3,193	3,193
LAND AND DEVELOPMENT EXPENDITURE	71,330	71,330	71,330
INVESTMENT IN SUBSIDIARIES	-	-	-
<b>CURRENT ASSETS</b>			
Inventories and work-in-progress	75,337	75,337	75,337
Trade receivables	2,349	2,349	2,349
Other receivables, prepayments and deposits	6,610	6,610	6,610
Amount due from holding company*	7,936	7,936	7,936
Fixed deposits, cash and bank balances	15,706	15,706	15,706
	<u>107,938</u>	<u>107,938</u>	<u>107,938</u>
<b>CURRENT LIABILITIES</b>			
Amount due to bankers	42,762	42,762	26,207
Trade payables	7,542	7,542	7,542
Other payables and accruals	5,634	5,634	5,634
Amount due to holding company	3	3	3
Term loan	3,419	3,419	3,419
Lease payables	262	262	262
	<u>59,622</u>	<u>59,622</u>	<u>43,067</u>
<b>NET CURRENT ASSETS</b>	<u>48,316</u>	<u>48,316</u>	<u>64,871</u>
	<u>122,839</u>	<u>122,839</u>	<u>139,394</u>
<b>FINANCED BY:-</b>			
<b>SHARE CAPITAL</b>	65,338	74,121	90,000
<b>SHARE PREMIUM</b>	-	2,194	2,870
<b>RESERVE ON CONSOLIDATION</b>	2,475	3,481	3,481
<b>REVENUE RESERVE</b>	23,275	23,275	23,275
<b>SHAREHOLDERS' FUND</b>	<u>91,088</u>	<u>103,071</u>	<u>119,626</u>
<b>MI</b>	11,977	-	-
<b>DEFERRED AND LONG TERM LIABILITIES</b>	19,774	19,768	19,768
	<u>122,839</u>	<u>122,839</u>	<u>139,394</u>
<b>NET TANGIBLE ASSET</b>	91,088	103,071	119,626
<b>NTA PER SHARE (RM)</b>	1.39	1.39	1.33

Note:-

\* This amount was fully settled subsequent to the financial period end.

## 11. FINANCIAL INFORMATION (cont'd)

### 11.11 REPORTING ACCOUNTANTS' LETTER ON THE PROFORMA CONSOLIDATED BALANCE SHEETS AS AT 31 DECEMBER 2003

 **ERNST & YOUNG** (AF: 0039)

■ **Chartered Accountants**  
3rd Floor,  
Wisma Bukit Mata Kuching,  
Jalan Tunku Abdul Rahman,  
93100 Kuching, Sarawak,  
Malaysia.

■ Tel 082-243233  
Fax 082-421287

Mailing Address:  
P. O. Box 64,  
93700 Kuching,  
Sarawak, Malaysia.

### REPORTING ACCOUNTANTS' LETTER ON THE PRO FORMA CONSOLIDATED BALANCE SHEETS

Prepared for inclusion in the Prospectus to be dated **12 MAY 2004**

**05 MAY 2004**

The Board of Directors  
Ibraco Bhd.  
No. 898, Ibraco House  
Jalan Wan Alwi, Tabuan Jaya  
93350 Kuching  
Sarawak

Dear Sirs

### **IBRACO BERHAD ("IB") (Formerly known as Ibraco Realty Development Berhad) PRO FORMA CONSOLIDATED BALANCE SHEETS AS AT 31 DECEMBER 2003**

We report on the pro forma consolidated balance sheets set out in the Prospectus of IB, which has been prepared for illustrative purposes only, to provide information about how the consolidated balance sheet of IB and its subsidiaries as at 31 December 2003 that has been presented might have been affected by the following proposals had the proposals been completed on that date:

- (a) The acquisition of 3,613,501 issued and fully paid up share capital of Syarikat Ibraco-Peremba Sdn. Bhd. ("SIP") satisfied by the issuance 4,415,800 new ordinary shares of RM1.00 each in IB at RM1.25 per share;
- (b) The acquisition of 800,000 issued and fully paid up shares capital of Ibraco- LCDA Sdn. Bhd. ("ILCDA") satisfied by the issuance of 4,361,100 new ordinary shares of RM1.00 each in IB at RM1.25 per share;
- (c) The issuance of 5,500 new ordinary shares of RM1.00 each to employees; and
- (d) A Public Issue by IB of 15,879,200 new ordinary shares of RM1.00 each at an issue price of RM1.20 per share for cash ("Public Issue")

It is the responsibility solely of the directors of IB to prepare the pro forma consolidated balance sheets in accordance with the requirements of the Securities Commission Prospectus Guidelines in respect of Public Offerings ("the Guidelines").

**11. FINANCIAL INFORMATION (cont'd)**



It is our responsibility to form an opinion, as required by the Guidelines, and to report our opinion to you. Our work consisted primarily of comparing the unadjusted financial information presented with their original form, considering the adjustments and discussing the pro forma consolidated balance sheets with responsible officers of IB. Our work involved no independent examination of any of the underlying financial information other than our audit of the consolidated financial statements that included the audited consolidated balance sheet as at 31 December 2003, on which we reported to the members of the company as of the date of our report.


In our opinion:

- (a) the pro forma consolidated balance sheets have been properly compiled on the bases stated; and
- (b) within the context of the assumed date of the Acquisitions and the Public issue:
  - (i) such bases are consistent with the accounting policies of IB; and
  - (ii) the adjustments set out are appropriate for the purposes of the pro forma consolidated balance sheets pursuant to the Guidelines.

The accompanying pro forma balance sheets and this letter have been prepared solely for the purposes stated above, in connection with the aforementioned proposals. This letter is not to be reproduced, referred to in any other document, or used for any other purpose without our prior written consent.

Yours faithfully

  
ERNST & YOUNG  
AF: 0039  
Chartered Accountants

  
YONG VOON KAR  
1769/04/06 (J/PH)  
Partner

## 11. FINANCIAL INFORMATION (cont'd)

**IBRACO BERHAD****PRO FORMA CONSOLIDATED BALANCE SHEETS AS AT 31 DECEMBER 2003**

The Pro Forma Consolidated Balance Sheets of IB set out below are provided for illustrative purposes only to show the effects of the Acquisitions of the remaining shares in SIP and ILCDA, Public Issue on the assumption that these transactions were completed on 31 December 2003 and should be read in conjunction with the notes thereon.

	Audited as at 31 December 2003 RM'000	Proforma I RM'000	Proforma II RM'000
Property, plant and equipment	3,193	3,193	3,193
Land and development expenditure	71,330	71,330	71,330
Current assets	107,938	107,938	107,938
Current liabilities	(59,622)	(59,622)	(43,067)
Net current assets	48,316	48,316	64,871
	<u>122,839</u>	<u>122,839</u>	<u>139,394</u>
Financed by:			
Share capital	65,338	74,121	90,000
Share premium	-	2,194	2,870
Reserve on consolidation	2,475	3,481	3,481
Revenue reserve	23,275	23,275	23,275
Shareholders' funds	91,088	103,071	119,626
Minority interest	11,977	-	-
Deferred and long term liabilities	19,774	19,768	19,768
	<u>122,839</u>	<u>122,839</u>	<u>139,394</u>
<i>Net Tangible Assets</i>	<u>91,088</u>	<u>103,071</u>	<u>119,626</u>
<i>Net Tangible Assets per share (RM)</i>	<u>1.39</u>	<u>1.39</u>	<u>1.33</u>

*Proforma I: After incorporating the effects of the Acquisitions of the remaining ordinary shares in SIP and ILCDA and issuance of ordinary shares.*

*Proforma II: After incorporating the effects of Proforma I, the Proposed Public Issue, utilisation of proceeds from public issue.*

Note: The Pro Forma Balance Sheets do not incorporate the effects of the acquisition of the option land from Ibraco Properties Sdn. Bhd. ("IP") as disclosed in Note 1 to the Pro Forma Balance Sheets as the purchase consideration and the number of ordinary shares to be issued to satisfy the acquisition have yet to be determined as at the date of our Reporting Accountants' Letter.

**11. FINANCIAL INFORMATION (cont'd)****IBRACO BERHAD****PRO FORMA CONSOLIDATED BALANCE SHEETS AS AT 31 DECEMBER 2003****Notes to the Pro Forma Consolidated Balance Sheets**

1. The Pro Forma Consolidated Balance Sheets of IB have been prepared based on the audited Consolidated Balance Sheet of IB as at 31 December 2003.

The Pro Forma Consolidated Balance Sheets have been prepared for illustrative purposes only to show the effects of the following transactions on the assumption that they were effected on 31 December 2003.

- (a) The acquisition of 3,613,501 issued and fully paid up share capital of SIP satisfied by the issuance 4,415,800 new ordinary shares of RM1.00 each in IB at RM1.25 per share;
- (b) The acquisition of 800,000 issued and fully paid up shares capital of ILCDA satisfied by the issuance of 4,361,100 new ordinary shares of RM1.00 each in IB at RM1.25 per share;
- (c) The issuance of 5,500 new ordinary shares of RM1.00 each to employees; and
- (d) A Public Issue by IB of 15,879,200 new ordinary shares of RM1.00 each at an issue price of RM1.20 per share for cash ( "Public Issue")

The above will hereinafter be collectively referred to as "Restructuring and Listing Exercise".

The acquisitions of SIP and ILCDA were completed on 27 February 2004.

The Public Issue is expected to be completed by May 2004.

Subsequent to the listing and quotation of the entire enlarged issued and paid of share capital of IB comprising 90,000,000 ordinary shares of RM1.00 each on the Main Board of Bursa Malaysia Securities Berhad ("Bursa Malaysia") and as part of the listing and quotation exercise IB by virtue of an option agreement signed between IB and IP, IP has granted an option to IB to purchase approximately 255 acres of IP's land (comprised about 78 parcels of land), to be exercised within certain option periods for each parcel specified in the option agreement and the option price for each parcel shall be fixed based on the market price for such land at the time of the exercise of the option. The consideration for such option land shall be satisfied by the issuance of shares where the number and issue price will be determined at a later date. There are certain development schemes planned by IB for the years 2004 to 2008 on the aforesaid parcels of land owned by IP. The Pro Forma balance have not been adjusted for the effects of this proposed acquisition of IP's land as the purchase consideration and the number of ordinary shares to be issued to acquire these land have yet to be determined.



## 11. FINANCIAL INFORMATION (cont'd)

**IBRACO BERHAD****PRO FORMA CONSOLIDATED BALANCE SHEETS AS AT 31 DECEMBER 2003****Notes to the Pro Forma Consolidated Balance Sheets (Contd.)**

2. The movements of the issued and paid-up share capital of IB after implementation of the Restructuring and Listing Exercise set out in Note 1 above is as follows:

	<b>RM'000</b>
As at 31 December 2003	65,338
Issued pursuant to the Acquisitions of the remaining ordinary shares in SIP and ILCDA	8,777
	-----
	74,115
Issued to employees	5
Arising from the Public Issue	15,880
	-----
Enlarged issued and paid-up capital of IB	90,000
	=====

3. The Pro Forma Consolidated Balance Sheets have been prepared on accounting principles and bases consistent with those previously adopted by the IB Group in the preparation of the audited financial statements.
4. The Pro Forma Consolidated Balance Sheets of IB are arrived at using the acquisition method of accounting for SIP and ILCDA.
5. The estimated listing expenses for the Restructuring and Listing Exercise of approximately RM2,500,000 has been charged to the Share Premium Account.
6. Share Premium is arrived at as follows:

	<b>RM'000</b>
Arising from the Acquisition of the remaining ordinary shares in SIP and ILCDA	2,194
Arising from the Public Issue	3,176
	-----
	5,370
Less: Estimated listing expenses	(2,500)
	-----
	2,870
	=====

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**11. FINANCIAL INFORMATION (cont'd)**

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 <b>ERNST &amp; YOUNG</b> Chartered Accountants Kuching For identification purposes only.
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**IBRACO BERHAD****PRO FORMA CONSOLIDATED BALANCE SHEETS AS AT 31 DECEMBER 2003**

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**Notes to the Pro Forma Consolidated Balance Sheets (Contd.)**

7. The gross proceeds arising from the Public Issue amounting to RM19.055 million will be utilised as follows:

	<b>RM'000</b>
Repayment of bank borrowings	8,000
Working capital	8,555
Estimated listing expenses	2,500
	-----
	<u>19,055</u>

## 12. DIRECTORS' REPORT

(Prepared for inclusion in this Prospectus)



**Ibraco Berhad** (011286-P)  
(formerly known as IBRACO REALTY DEVELOPMENT BERHAD)  
IBRACO HOUSE  
No 898 Jalan Wan Alwi Tabuan Jaya 93350 Kuching  
PO Box 3166 93762 Kuching Sarawak Malaysia  
Tel 082 361111 Fax 082 361188

05 MAY 2004

**Registered Office:**

**Ibraco Group**  
IBRACO HOUSE  
No. 898, Jalan Wan Alwi,  
Tabuan Jaya,  
93350, Kuching,  
Sarawak

The Shareholders of  
**Ibraco Berhad**

Dear Sir/Madam,

On behalf of the Board of Directors of Ibraco Berhad, we wish to report after due enquiries that during the period from 31 December 2003 (being the date to which the last audited accounts of the Company and its subsidiaries ("Group") have been made up), up to the date hereof, (being a date not earlier than 14 days before the issuance of this Prospectus), that: -

- (a) the business of the Group has, in the opinion of the Directors, been satisfactorily maintained;
- (b) in the opinion of the Directors, no circumstances have arisen subsequent to the last audited accounts of the Group which have adversely affected the trading or the value of the assets of the Group;
- (c) the current assets of the Group appear in the books at values which are believed to be realisable in the ordinary course of business;
- (d) no contingent liabilities have arisen by reason of any guarantees or indemnities given by the Group;
- (e) there have not been, since the last audited accounts of the Group, any default or any known event that could give rise to a default situation, in respect of payments of either interest and/or principal sums in relation to any borrowings, in which the Directors are aware of; and
- (f) since the last audited accounts of the Group, save as disclosed in the "Proforma Consolidated Balance Sheets" and the "Accountants' Report" of this Prospectus, there has been no changes in the published reserves or any unusual factors affecting the profits of the Group.

Yours faithfully,  
For and on behalf of the Board of Directors of  
**Ibraco Berhad**

**Deanna Ibrahim @ Sorayah bt Abdullah**  
Group Chairman and Non-Independent Non-Executive Director

**Wan Kamal Ibrahim bin Wan Alwi Ibrahim**  
Group Managing Director/ Chief Executive Officer