



IBRACO BERHAD (Company No. 011286-P)

CONDENSED CONSOLIDATED INCOME STATEMENTS

For the quarter ended 30 June 2004

(The figures have not been audited)

	Note	CURRENT QUARTER <i>3 months ended</i> <i>30 June</i>		CUMULATIVE QUARTER <i>6 months ended</i> <i>30 June</i>	
		2004 RM'000	2003 RM'000	2004 RM'000	2003 RM'000
Revenue		31,589	-	58,418	-
Cost of sales		22,847	-	40,627	-
Gross Profit		8,742	-	17,791	-
Other Operating Income		76	-	82	-
Administrative Expenses		(2,534)	-	(4,618)	-
Other Operating Expenses		-	-	(679)	-
Operating Profit		6,284	-	12,576	-
Finance Costs		(89)	-	(132)	-
Profit before taxation		6,195	-	12,444	-
Tax expense	20	(1,256)	-	(2,336)	-
Profit after taxation		4,939	-	10,108	-
Pre-acquisition profit		-	-	(573)	-
Net Profit		4,939	-	9,535	-
Basic earnings per ordinary share (sen)	28	6.80	-	13.12	-



IBRACO BERHAD (Company No. 011286-P)

CONDENSED CONSOLIDATED BALANCE SHEET

At 30 June 2004 and 31 December 2003

(The figures for 30 June 2004 have not been audited)

	Note	Unaudited 30 June 2004 RM'000	Audited 31 December 2003 RM'000
Property, plant & equipment	9	4,403	3,193
Land & development expenditure		71,528	71,330
Current Assets			
Inventories and development properties		86,258	75,337
Trade receivables		10,870	2,350
Other receivables, prepayments and deposits		3,288	6,610
Amount due from related companies		-	7,936
Fixed deposits with licensed bank		1,068	1,045
Cash and bank balances		5,391	14,661
		106,875	107,939
Current liabilities			
Amount due to bankers - bank overdrafts	24	260	19,757
Trade payables		4,949	7,542
Other payables and accruals		1,873	5,633
Amount due to related companies		-	3
Term loan	24	3,700	3,419
Lease payable	24	311	262
Borrowings - trade financings	24	24,849	23,005
		35,942	59,621
Net Current Assets		70,933	48,318
		146,864	122,841
Financed by:			
Capital and reserves			
Share capital		90,000	65,339
Share premium		2,539	-
Retained profits		32,810	23,275
Reserve on consolidation		4,054	2,475
Shareholders' funds		129,403	91,089
Minority interests		-	11,977
Long term and deferred liabilities			
Term loan	24	16,530	19,121
Lease payables	24	634	350
Redeemable cumulative preference shares		-	6
Deferred taxation		297	298
		146,864	122,841



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CONDENSED CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY

For the quarter ended 30 June 2004
(The figures have not been audited)

	Note	Share Capital RM'000	Share Premium RM'000	Reserve On Consolidation RM'000	Retained Profits RM'000	Total RM'000
At 1 January 2004		65,339	-	2,475	23,275	91,089
Net Profit for The Period		-	-	-	9,535	9,535
Issue of Shares	6	24,661	5,371	-	-	30,032
Listing Expenses Set Off		-	(2,832)	-	-	(2,832)
Acquisition of Remaining Shares in Subsidiaries		-	-	1,579	-	1,579
At 30 June 2004		90,000	2,539	4,054	32,810	129,403



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CONDENSED CONSOLIDATED CASH FLOW STATEMENT

For the quarter ended 30 June 2004

(The figures have not been audited)

	30 June 2004 RM'000
Net cash used in operating activities	(6,653)
Net cash used in investing activities	(1,892)
Net cash generated from financing activities	18,780
Net decrease in cash and cash equivalents	10,235
Cash and cash equivalents at 1 January 2004	(5,068)
Cash and cash equivalents at 30 June 2004	5,167

Cash and cash equivalents at 30 June 2004

Cash and bank balances	5,391
Fixed deposits	1,068
Amount due to bankers - bank overdrafts	(260)
	6,199
Less: Fixed deposits pledged with a bank	(1,032)
Cash and cash equivalents at 30 June 2004	5,167



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PART A – EXPLANATORY NOTES PURSUANT TO MASB 26

1. Basis of Preparation

The interim financial statements are unaudited and have been prepared in accordance with the requirements of MASB Standard 26: Interim Financial Reporting and paragraph 9.22 of the Listing Requirements of Bursa Malaysia Securities Berhad (Bursa Securities).

The interim financial statements should be read in conjunction with the audited financial statements for the financial period ended 31 December 2003. These explanatory notes attached to the interim financial statements provide an explanation of events and transactions that are significant to an understanding of the changes in the financial position and performance of the Group since the financial period ended 31 December 2003.

The same accounting policies and methods of computation are followed in the interim financial statements as compared with the financial statements for the financial period ended 31 December 2003 except for the adoption of the following MASB Standards for the first time during the financial quarters in 2004:

MASB Standard 31	Accounting for Government Grants & Disclosure of Government Assistance
MASB Standard 32	Property Development Activities

As the Company currently does not receive government grants, MASB Standard 31 does not have any application for the Company. On the other hand, the adoption of MASB Standard 32 has given rise to the following related accounting policy:

MASB Standard 32: Property Development Activities

Property development costs comprise all costs that are directly attributable to development activities or that can be allocated on a reasonable basis to such activities.

When the financial outcome of a development activity can be reliably estimated, property development revenue and expenses are recognised in the income statement by using the stage of completion method. The stage of completion is determined by the proportion of property development costs incurred for work performed to date bear to the estimated total property development costs.



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Where the financial outcome of a 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 properties 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 as an expense immediately.

Property development costs not recognised as an expense are recognised as an asset, which is measured at the lower of cost and net realisable value.

The excess of revenue recognised in the income statement over billings to purchasers is classified as accrued billings within trade receivables and the excess of billings to purchasers over revenue recognised in the income statement is classified as progress billings within trade payables.

The adoption of MASB Standard 32 has not given rise to any adjustments to the opening balances of retained profits as at 1 January 2004.

2. Auditors' Report on Preceding Annual Financial Statements

The auditors' report on the financial statements for the financial period ended 31 December 2003 was not qualified.

3. Seasonal or Cyclical Factors

The Group's performance is not materially affected by any seasonal or cyclical factors for the quarter under review.

4. Unusual Items Due to their Nature, Size or Incidence

There were no unusual items affecting assets, liabilities, equity, net income, or cash flows during the financial period ended 30 June 2004.



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5. Changes in Estimates

There were no changes in estimates that have had a material effect in the current quarter's results.

6. Debt and Equity Securities

There were no issuances, cancellations, repurchases, resale and repayments of debt and equity securities except for the following:

- a. The issuance of 4,415,800 new ordinary shares of RM1.00 each on 27 February 2004 at an issue price of approximately RM1.25 per share for the acquisition of the remaining equity interest of about 39.56% in Syarikat Ibraco-Peremba Sdn. Bhd., thereby making Syarikat Ibraco-Peremba Sdn. Bhd. a wholly-owned subsidiary company.
- b. The issuance of 4,361,100 new ordinary shares of RM1.00 each on 27 February 2004 at an issue price of approximately RM1.25 per share for the acquisition of the remaining equity interest of about 40.00% in Ibraco-LCDA Sdn. Bhd., thereby making Ibraco-LCDA Sdn. Bhd. a wholly-owned subsidiary company.
- c. The redemption of the entire 5,500 redeemable cumulative preference shares (bearing a coupon rate of 5% per annum payable yearly), which were created on 24 July 2003, on 27 February 2004.
- d. The issuance of 5,500 ordinary shares of RM1.00 each at an issue price of RM1.20 per share to 55 eligible employees on 3 March 2004.
- e. An allotment of 15,879,200 new ordinary shares of RM1.00 each at an issue price of RM1.20 per ordinary share to the public that was concluded by 16 June 2004.

7. Dividend Paid

No dividends were paid in the current interim period.

8. Segmental Reporting

Segmental information is not presented as the Group is principally engaged in property development in Malaysia.



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9. Carrying Amount of Property, Plant and Equipment

Property, plant and equipment are stated at cost less accumulated depreciation. The Group did not revalue any of its property, plant and equipment.

10. Subsequent Events

There was no material events subsequent to the end of the current quarter that were not reflected in the financial statements for the said period, made up to the date of this quarterly report.

11. Changes in Composition of the Group

There were no changes in the composition of the Group during the current quarter other than those disclosed in Note 6.

12. Changes in Contingent Liabilities and Contingent Assets

There were no contingent liabilities or contingent assets in respect of the Group that have arisen since 31 December 2003 to the date of this quarterly report.

13. Capital Commitments

There were no material capital commitments in respect of the Group that have arisen since 31 December 2003 to the date of this quarterly report.



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14. Related Party Transactions

	Note	3 months ended 30 June 2004 (RM)
Syarikat Pemegang Palma Lilin Sdn. Bhd.		
Rental paid for office premises	(a)	69,300
Irama Tabuan Sdn. Bhd.		
Purchase of office equipment	(b)	13,330
Ibraco Berhad		
Interest income on inter-company loans		52,843
Interest expense on inter-company loans		30,685
Ibraco-LCDA Sdn. Bhd.		
Interest income on inter-company loans		90,957
Syarikat Ibraco-Peremba Sdn. Bhd.		
Interest expense on inter-company loans		91,800
Sale of a unit of motor vehicle to Ibraco Properties Sdn. Bhd.	(c)	40,000
Foso One Sdn. Bhd.		
Interest expense on inter-company loans		3,217
Ibraco Construction Sdn. Bhd.		
Interest expense on inter-company loans		18,099

Notes:

- (a) Company in which Deanna Ibrahim, Wan Kamal Ibrahim, Sharifah Deborah Sophia Ibrahim and Wan Aziz Ibrahim have an interest.
- (b) Company in which Wan Kamal Ibrahim holds a majority interest.
- (c) Company in which Deanna Ibrahim, Wan Kamal Ibrahim, Sharifah Deborah Sophia Ibrahim and Wan Aziz Ibrahim have an interest.

All the transactions above were carried out on terms and conditions not materially different from those obtainable in transactions with unrelated parties and in the normal course of business of the Group.



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15. Comparative Figures

This is the second quarter for the Group in which the Group applied MASB Standard 26, Interim Financial Reporting. Accordingly, comparatives are not available for presentation in these interim financial statements.

As part of its restructuring, the Group completed the 100% acquisition of its subsidiary companies as disclosed in Note 6 and also changed its financial year-end from 31 January to 31 December during the financial period ended 31 December 2003. In view of these additional factors, any comparatives will therefore not be comparable.



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PART B – EXPLANATORY NOTES PURSUANT TO APPENDIX 9B OF THE LISTING REQUIREMENTS OF BURSA SECURITIES

16. Review of Performance

The Group recorded a turnover of RM58.4 Million and a post-tax and before pre-acquisition profit of RM10.1 Million for the period from 1 January 2004 to 30 June 2004.

The main contributors for the Group's results are as follows:

- The residential development project known as Tabuan Jaya Baru 1, which comprises 244 units of mixed-development properties, with a gross development value (GDV) of RM69.4 Million. Since its launch in September 2002, this project has recorded total sales of 96.3% of total GDV.
- A commercial project, known as Tabuan Heights Phase 7 (comprising 47 units of shop houses and a GDV of RM40 Million), which is completely sold.
- A new residential development project, known as Tabuan Jaya Baru 2 (launched in mid March 2004) comprising 302 units of mixed development properties. The sales response was good thus far, having recorded about 56% of total GDV of RM90.7 Million.

17. Comparison with Preceding Quarter's Results

The Group's turnover and profit before taxation for the current quarter were RM31.6 Million and RM6.2 Million respectively. The Group's turnover and profit before taxation for the immediate preceding quarter ended 31 March 2004 were RM26.8 Million and RM6.3 Million respectively.

The higher revenue was achieved mainly due to the Tabuan Jaya Baru 2 residential development project that contributed RM13.5 Million to turnover. The profit before taxation has only decreased marginally in the current quarter.



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18. Prospect for 2004

The Directors are of the view that the overall performance of the Group will depend substantially on the performance of the property market in Kuching.

The increasing cost of direct materials such as steel and cement, used in the construction of development properties will invariably affect the overall performance of the Group. Any sustained adverse changes in weather conditions would also cause delays in the completion of development projects. These would thus affect the performance of the Group.

Barring major changes in such factors, the Directors expect the Group to achieve the profit forecast for the year.

19. Actual Profit against Forecast Profit and Profit Guarantee

The disclosure requirements for explanatory notes for the variance of actual profit after taxation and minority interest are not applicable as this is the second reporting quarter.

The Group did not issue any profit guarantee.



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20. Tax Expense

	3 months ended 30 June 2004 (RM'000)	3 months ended 30 June 2003 (RM'000)
Tax Expense for the Period		
Malaysian Income Tax	1,256	-
Deferred Tax	-	-
Tax expense for prior years:		
Malaysian Income Tax	-	-
	<u>1,256</u>	<u>-</u>

The Group's tax charge for the current quarter is marginally lower than the prima facie tax due to certain income not being subject to taxation.

21. Sale of Unquoted Investments and Properties

There was no sale of unquoted investments and/or properties included in properties, plant and equipment during the current quarter under review.

22. Sale of Quoted Securities

There was no sale of quoted investments during the current quarter under review.

23. Corporate Proposals

(a) Status of Corporate Proposals

There are no corporate proposals announced but not completed at the date of this quarterly report.



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(b) **Status of Utilisation of Proceeds**

As at the date of this report, the proceeds raised from the Public Issue pursuant to the listing of the Company on the Main Board of Bursa Securities amounting to about RM19 Million were utilised as follows:

	As Approved By Securities Commission RM'000	Utilised as at 30 June 2004 RM'000	(Overutilised)/ Unutilised as at 30 June 2004 RM'000
Repayment of borrowings	8,000	8,000	Nil
Payment of estimated listing expenses	2,500	2,832	(332)
Working capital	8,555	8,555	Nil
	<u>19,055</u>	<u>19,387</u>	<u>(332)</u>

24. Group Borrowings and Debt Securities

The total Group borrowings at the end of this quarter are as follows:

	As at 30 June 2004 RM'000
Short term borrowings	
- Secured: Bank overdrafts	260
- Secured: Term loans	3,700
- Secured: Borrowings – trade financings	24,849
- Lease Payable	<u>311</u>
	<u>29,120</u>
Long term borrowings	
- Secured: Term loans	16,530
- Lease Payable	<u>634</u>
	<u>46,284</u>

All the above borrowings are from domestic Malaysian sources and are denominated in Ringgit Malaysia.



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25. Off Balance Sheet Financial Instruments

The Group did not enter into any financial instruments with off balance sheet risk during the reporting quarter.

26. Changes in Material Litigation

There was no known material litigation as at the end of this reporting quarter.

27. Dividend Payable

There was no dividend being declared for the quarter under review.

28. Earnings Per Share

The basic and diluted earnings per share have been calculated based on the Group's net profit for the current quarter/period divided by the weighted average number of ordinary shares in issue during the financial quarter/period:

	3 months ended 30 June 2004 RM'000	6 months ended 30 June 2004 RM'000
Net profit for the quarter/period	4,939	9,535
Weighted average number of ordinary shares in issue ('000)	72,679	72,679
Basic and diluted earnings per share (sen)	6.80	13.12

29. Authorisation for Issue

The interim financial statements were authorized for issue by the Board of Directors in accordance with a resolution of the directors on 10 August 2004.