



IBRACO BERHAD (Company No. 011286-P)

CONDENSED CONSOLIDATED INCOME STATEMENTS

For the Three-Month Period Ended 31 March 2006

(The figures have not been audited)

	Note	CURRENT QUARTER 3 months ended 31 March		CUMULATIVE QUARTER 3 months ended 31 March	
		2006 RM'000	2005 RM'000	2006 RM'000	2005 RM'000
Revenue		18,468	33,719	18,468	33,719
Cost of Sales		(14,702)	(28,658)	(14,702)	(28,658)
Gross Profit		3,766	5,061	3,766	5,061
Other Income		13	18	13	18
Administrative Expenses		(2,938)	(2,796)	(2,938)	(2,796)
Selling and Marketing Expenses		(193)	(239)	(193)	(239)
Finance Costs		(4)	(15)	(4)	(15)
Profit Before Taxation		644	2,029	644	2,029
Income Tax Expense	22	(231)	(656)	(231)	(656)
Profit For The Period		413	1,373	413	1,373
Attributable to Shareholders of the Company		413	1,373	413	1,373
Earnings Per Share					
Attributable To Shareholders of The Company:					
Basic, for profit for the period (Sen)	30	0.46	1.53	0.46	1.53
Diluted, for profit for the period (Sen)	30	-	-	-	-

The condensed consolidated income statements should be read in conjunction with the audited financial statements for the year ended 31 December 2005 and the accompanying explanatory notes attached to the interim financial statements.



IBRACO BERHAD (Company No. 011286-P)

CONDENSED CONSOLIDATED BALANCE SHEETS

As at 31 March 2006 and 31 December 2005

(The figures for 31 March 2006 have not been audited)

	Note	Unaudited As at 31 March 2006 RM'000	Audited As at 31 December 2005 RM'000
ASSETS			
Non-Current Assets			
Property, plant & equipment	10	4,037	4,252
Land held for property development		73,277	66,723
Deferred tax assets		249	275
		<u>77,563</u>	<u>71,250</u>
Current Assets			
Property development costs		71,762	69,778
Inventories		688	688
Trade receivables	16	54,966	74,670
Other receivables		24,990	21,069
Fixed deposits with licensed bank		3,031	30
Cash and bank balances		5,011	6,012
		<u>160,448</u>	<u>172,247</u>
TOTAL ASSETS		238,011	243,497
EQUITY AND LIABILITIES			
Equity attributable to shareholders of the Company			
Share capital		90,000	90,000
Share premium		2,416	2,416
Reserve on consolidation		-	3,837
Retained earnings		53,468	49,218
Total Equity		<u>145,884</u>	<u>145,471</u>
Non-Current Liabilities			
Borrowings	26	<u>17,287</u>	<u>18,537</u>
Current Liabilities			
Borrowings	26	53,259	52,368
Trade payables	17	20,230	25,537
Other payables		865	997
Current tax payable		480	556
Dividends payable		6	31
		<u>74,840</u>	<u>79,489</u>
Total Liabilities		<u>92,127</u>	<u>98,026</u>
TOTAL EQUITY AND LIABILITIES		238,011	243,497

The condensed consolidated Balance Sheets should be read in conjunction with the audited financial statements for the year ended 31 December 2005 and the accompanying explanatory notes attached to the interim financial statements.



IBRACO BERHAD (Company No. 011286-P)

CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the Three-Month Period Ended 31 March 2006

(The figures have not been audited)

Note	← Attributable to Shareholders of the Company →					Total Equity RM'000
	Share Capital RM'000	Share Premium RM'000	← Non-Distributable → Reserve on Consolidation RM'000	Distributable Retained Earnings RM'000		
At 1 January 2005	90,000	2,416	3,841	43,862	140,119	
Profit for the period	-	-	-	1,373	1,373	
At 31 March 2005	90,000	2,416	3,841	45,235	141,492	
At 1 January 2006	90,000	2,416	3,837	49,218	145,471	
Effects of adopting FRS 3 2(a)	-	-	(3,837)	3,837	-	
Profit for the period	-	-	-	413	413	
At 31 March 2006	90,000	2,416	-	53,468	145,884	

The condensed consolidated statement of changes in equity should be read in conjunction with the audited financial statements for the year ended 31 December 2005 and the accompanying explanatory notes attached to the interim financial statements.



IBRACO BERHAD (Company No. 011286-P)

CONDENSED CONSOLIDATED CASH FLOW STATEMENT

For the Three-Month Period Ended 31 March 2006

(The figures have not been audited)

	3 months ended	
	31 March 2006 RM'000	31 March 2005 RM'000
Net cash generated from/(used in) operating activities	2,384	(7,192)
Net cash used in investing activities	(46)	(1,687)
Net cash (used in)/generated from financing activities	(980)	1,729
Net increase/(decrease) in cash and cash equivalents	1,358	(7,150)
Cash and cash equivalents at beginning of financial period	5,127	5,589
Cash and cash equivalents at end of financial period	6,485	(1,561)

Cash and cash equivalents at end of the financial period comprised the following:

	As at 31 March 2006 RM'000	As at 31 March 2005 RM'000
Cash and bank balances	5,011	611
Fixed deposits	3,031	30
Bank overdrafts (included in short-term borrowings in Note 26)	(1,557)	(2,202)
	6,485	(1,561)

The condensed consolidated cash flow statement should be read in conjunction with the audited financial statements for the year ended 31 December 2005 and the accompanying explanatory notes attached to the interim financial statements.



IBRACO BERHAD (Company No. 011286-P)

PART A – EXPLANATORY NOTES PURSUANT TO FRS 134

1. Basis of Preparation

The interim financial statements are unaudited and have been prepared in accordance with the requirements of FRS 134: Interim Financial Reporting and paragraph 9.22 of the Listing Requirements of Bursa Malaysia Securities Berhad.

The interim financial statements should be read in conjunction with the audited financial statements for the financial year ended 31 December 2005. 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 year ended 31 December 2005.

2. Changes in Accounting Policies

The significant accounting policies adopted are consistent with those of the audited financial statements for the year ended 31 December 2005 except for the adoption of the following new/revised Financial Reporting Standards (“FRS”) effective for financial period beginning 1 January 2006:

FRS 3	Business Combinations
FRS 101	Presentation of Financial Statements
FRS 102	Inventories
FRS 108	Accounting Policies, Changes in Estimates and Errors
FRS 110	Events after the Balance Sheet Date
FRS 116	Property, Plant and Equipment
FRS 127	Consolidated and Separate Financial Statements
FRS 132	Financial Instruments: Disclosure and Presentation
FRS 133	Earnings Per Share
FRS 136	Impairment of Assets

The adoption of FRS 102, 108, 110, 116, 124, 127, 133, and 136 does not have significant financial impact on the Group. The principal effects of the changes in accounting policies resulting from the adoption of the other new/revised FRS are discussed below:



IBRACO BERHAD (Company No. 011286-P)

(a) FRS 3: Business Combinations

Under FRS 3, any excess of the Group's interest in the net fair value of acquirees' identifiable assets, liabilities and contingent liabilities over cost of acquisitions (previously referred to as "negative goodwill"), after reassessment, is now recognized immediately in profit or loss. In accordance with the transitional provisions of FRS 3, the negative goodwill as at 1 January 2006 of RM3.837 Million was derecognised with a corresponding increase in retained earnings.

(b) FRS 101: Presentation of Financial Statements

FRS 101 requires disclosure on the face of the Statement of Changes in Equity, total recognised income and expenses for the period, showing the amounts attributable to shareholders of the Company.

The current period's presentation of the Group's interim financial statements is based on the revised requirements of FRS 101, with comparatives restated (where applicable) to conform to the current period's presentation.

3. Auditors' Report on Preceding Annual Financial Statements

The auditors' report on the financial statements for the financial year ended 31 December 2005 was not qualified.

4. Comments about Seasonal or Cyclical Factors

The Group's performance was not materially affected by any seasonal or cyclical factors other than the Chinese New Year's holidays and the Sarawak rainy season for the quarter under review.

5. 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 31 March 2006 except as disclosed in Note 2.



IBRACO BERHAD (Company No. 011286-P)

6. Changes in Estimates

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

7. Debt and Equity Securities

There were no issuances, cancellations, repurchases, resale and repayments of debt and equity securities for the current interim period save as disclosed in Note 25 of the Additional Information as required by Bursa Malaysia Securities Berhad Listing Requirements.

8. Dividend Paid

No dividends were paid in the current interim period.

9. Segmental Information

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

10. Carrying Amount of Revalued Assets

There were no revalued assets carried in the financial statements of the Group for the year ended 31 December 2005 and in the current interim period.

The carrying amounts of property, plant and equipment have been brought forward without any amendment from the financial statements for the year ended 31 December 2005.

11. Subsequent Events

There were 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 save as disclosed in Note 25 of the Additional Information as required by Bursa Malaysia Securities Berhad Listing Requirements.



IBRACO BERHAD (Company No. 011286-P)

12. Changes in Composition of the Group

There were no changes in the composition of the Group during the current quarter.

13. Changes in Contingent Liabilities and Contingent Assets

There were no changes in other contingent liabilities or contingent assets since the last annual balance sheet as at 31 December 2005.

14. Capital Commitments

There were no capital commitments in respect of the Group that have arisen since 31 December 2005 to the date of this quarterly report.

15. Related Party Transactions

		3 months ended	
	Note	31 March 2006	31 March 2005
		RM	RM
Ibraco Properties Sdn. Bhd.	(a)		
Acquisition of certain landed properties		26,796,286	-
Rental of lands		19,800	-
Syarikat Pemegang Palma Lilin Sdn. Bhd.	(a)		
Rental paid for office premises		119,400	86,700
Irama Tabuan Sdn. Bhd.	(b)		
Purchase of goods and other sundries		5,812	5,940

Notes

- (a) Company in which Deanna Ibrahim @ Sorayah bt Abdullah, Wan Kamal Ibrahim bin Wan Alwi Ibrahim, Sharifah Deborah Sophia Ibrahim and Wan Aziz Ibrahim have an interest.
- (b) Company in which Wan Kamal Ibrahim bin Wan Alwi Ibrahim holds a majority 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.



IBRACO BERHAD (Company No. 011286-P)

16. Trade Receivables

	Unaudited 31 March 2006 RM'000	Audited 31 December 2005 RM'000
Trade receivables	21,297	27,067
Accrued billings in respect of property development costs	33,669	47,603
	<u>54,966</u>	<u>74,670</u>

17. Trade Payables

	Note	Unaudited 31 March 2006 RM'000	Audited 31 December 2005 RM'000
Trade payables		4,923	10,230
Provision for land costs	(a)	15,307	15,307
		<u>20,230</u>	<u>25,537</u>

Note (a) This amount represents the provisional cost of land currently being developed by Ibraco Berhad under the Option Agreement as disclosed in the Prospectus dated 12 May 2004.



IBRACO BERHAD (Company No. 011286-P)

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

18. Review of Performance

The Group's revenue for the current financial quarter ended 31 March 2006 decreased to RM18.5 Million from RM33.7 Million in the prior financial quarter ended 31 March 2005 while the profit before taxation decreased to RM0.64 Million from RM2.03 Million for the respective financial quarters.

For the current quarter, the Group achieved a profit after tax of RM0.41 Million while the profit after tax in the prior financial quarter ended 31 March 2005 was RM1.37 Million.

The decrease in the Group's current quarter's profits were mainly attributable to the sales and physical completion of commercial and residential properties from the Tabuan Heights Phase 7 lock-up shops, Heights Drive, Tabuan Jaya Baru 2 and Tabuan Heights Boulevard projects, which accounted for the higher profits in the quarter ended 31 March 2005. These have already reached an advanced stage of completion in the current quarter and therefore there were no profits to be recognised. The Group's results for the current quarter are within budget and expectations.

19. Comparison with Preceding Quarter's Results

The Group's turnover and profit before taxation for the current quarter were RM18.5 Million and RM0.64 Million respectively. The Group's turnover and profit before taxation for the immediate preceding quarter ended 31 December 2005 were RM46.3 Million and RM1.5 Million respectively. The decrease in both turnover and profit before taxation in the current quarter as compared with the immediate preceding quarter is mainly attributable to certain projects/phases of projects being substantially completed in the immediate preceding quarter.

20. Prospects

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



IBRACO BERHAD (Company No. 011286-P)

21. 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 and forecast profit after taxation and minority interest and for the shortfall in profit guarantee are not applicable.

22. Income Tax Expense

	3 months ended	
	31 March 2006	31 March 2005
	RM'000	RM'000
Current tax:		
Malaysian income tax	205	656
Deferred tax	26	-
Total income tax expense	<u>231</u>	<u>656</u>

The effective tax rate for the current and previous quarter were higher than the statutory tax rate principally due to the losses of certain subsidiaries which cannot be set off against taxable profits made by the parent company, and certain expenses which are not deductible for tax purposes.

23. Sale of Unquoted Investments and Properties

There were no sale of unquoted investments and properties during the current quarter under review.

24. Quoted Securities

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

25. Status of Corporate Proposals

The following corporate proposals were announced but have not been completed at the date of this quarterly report:

- ☞ On 10 February 2006, the Company and Syarikat Ibraco-Peremba Sdn. Bhd. (SIPSB – a fully owned subsidiary company) entered into the following Conditional Sale and Purchase Agreements (“CSPAs”) with Ibraco Properties Sdn. Bhd. (“IPSB”), a related party and a major shareholder of the Company:



IBRACO BERHAD (Company No. 011286-P)

- A. The Company entered into a Conditional Sale and Purchase Agreement (“CSPA 1”) with IPSB for the proposed acquisition of mixed-zone lands of an aggregate land area of approximately 27 hectares located at Muara Tebas Land District, Kuching, Sarawak for a purchase consideration of RM15,306,510 to be satisfied via the issuance of 9,811,865 new ordinary shares of RM1.00 each in the Company at an issue price of RM1.56 per share. The issue price of RM1.56 was based on the net assets of the Company, which was based on the audited consolidated accounts as at 31 December 2004; and
- B. SIPSB entered into a Conditional Sale and Purchase Agreement (“CSPA 2”) with IPSB for the proposed acquisition of mixed-zone lands of an aggregate land area of approximately 10 hectares located at Muara Tebas Land District and Matang Land District, Kuching, Sarawak for a purchase consideration of RM5,487,774.
- ☞ On 7 April 2006, it was announced that the Securities Commission had on 6 April 2006 approved the acquisition of the remaining interest (600/996) in Lot 3447 via cash instead of the issuance of new shares of RM1.00 each in the Company. Lot 3447 was included in the CSPA1 above.
- ☞ On 25 April 2006, it was announced that the Company has entered into a Deed of Variation to vary the terms of CSPA 1 to reflect the change of Lot 3447. Hence, another Conditional Sale and Purchase Agreement dated 25 April 2006 was entered between the Company and IPSB to acquire the 600/996 share in Lot 3447 for a cash consideration of RM495,722.89. Arising from this, the following would be pertinent:
- ☞ Lot 3447 has been removed from the lands to be acquired pursuant to CSPA 1 entered into between the Company and IPSB on 10 February 2006; and
- ☞ The purchase consideration has been revised for CSPA 1 from RM15,306,510 to RM14,810,789 to be satisfied via the issuance of 9,494,095 new shares (instead of 9,811,865 new shares) in the Company at an issue price of RM1.56 per share.



IBRACO BERHAD (Company No. 011286-P)

26. Borrowings and Debt Securities

	Unaudited As at 31 March 2006 RM'000	Audited As at 31 December 2005 RM'000
Short term borrowings		
- Secured: Bank overdrafts	1,557	915
- Secured: Term loans	8,346	8,151
- Secured: Borrowings – trade financings	43,356	43,302
	<hr/>	<hr/>
	53,259	52,368
 Long term borrowings		
- Secured: Term loans	17,287	18,537
	<hr/>	<hr/>
	70,546	70,905
	<hr/>	<hr/>

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

The Group did not issue any debt security.

27. Off Balance Sheet Financial Instruments

There were no off balance sheet financial instruments as at 22 May 2006.

28. Changes in Material Litigation

There was no known material litigation as at 22 May 2006.

29. Dividend Payable

No interim ordinary dividend has been proposed or declared for the financial period ended 31 March 2006 (31 March 2005: Nil).

At the Annual General Meeting held on 23 May 2006, the shareholders approved a final dividend of 5.0% less 28% taxation (in respect of the financial year ended 31 December 2005) on 90,000,000 ordinary shares, amounting to a dividend payable of RM3.24 Million. The financial statements for the year ended 31 December 2005 did not reflect this proposed dividend. Such dividend will be accounted for in equity as an appropriation of revenue reserve in the financial statements for the financial year ending 31 December 2006.



IBRACO BERHAD (Company No. 011286-P)

This final dividend is payable on 14 July 2006 to shareholders who are registered in the Record of Depositors at the close of business on 16 June 2006.

30. Earnings Per Share

(a) Basic

	3 months ended		3 months ended	
	31 March 2006	31 March 2005	31 March 2006	31 March 2005
Profit for the period attributable to shareholders of the Company (RM'000)	413	1,373	413	1,373
Number of ordinary shares in issue	90,000,000	90,000,000	90,000,000	90,000,000
Basic earnings per share (sen)	0.46	1.53	0.46	1.53

(b) Diluted

The Group has no potential ordinary shares in issue for the quarter under review, and therefore diluted earnings per share have not been presented.

31. Authorisation for Issue

The interim financial statements were authorised for issue by the Board of Directors in accordance with a resolution of the directors on 23 May 2006.