



**IBRACO BERHAD (Company No. 011286-P)**

**CONDENSED CONSOLIDATED INCOME STATEMENTS**

For the Three-Month Period Ended 30 September 2006

(The figures have not been audited)

	Note	CURRENT QUARTER 3 months ended 30 September		CUMULATIVE QUARTER 9 months ended 30 September	
		2006 RM'000	2005 RM'000	2006 RM'000	2005 RM'000
<b>Revenue</b>		26,589	46,708	62,281	107,619
Cost of Sales		(21,661)	(31,668)	(52,834)	(79,621)
<b>Gross Profit</b>		4,928	15,040	9,447	27,998
Other Income		17	(170)	45	66
Administrative Expenses		(2,529)	(2,843)	(8,061)	(8,849)
Selling and Marketing Expenses		(68)	(71)	(297)	(378)
Other expenses		-	(8)	-	(8)
Finance Costs		(7)	(100)	(11)	(195)
<b>Profit Before Tax</b>		2,341	11,848	1,123	18,634
Income Tax Expense	22	(986)	(3,345)	(740)	(5,646)
<b>Profit For The Period</b>		1,355	8,503	383	12,988
Attributable to Shareholders of the Company		1,355	8,503	383	12,988
<b>Earnings Per Share Attributable To Shareholders of The Company:</b>					
Basic, for profit for the period (Sen)	30	1.51	9.45	0.43	14.43
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 30 September 2006 and 31 December 2005

(The figures for 30 September 2006 have not been audited)

	Note	Unaudited As at 30 September 2006 RM'000	Audited As at 31 December 2005 RM'000
<b>ASSETS</b>			
<b>Non-Current Assets</b>			
Property, plant & equipment	10	3,568	4,252
Land held for property development		69,502	66,723
Deferred tax asset		1,399	275
		<u>74,469</u>	<u>71,250</u>
<b>Current Assets</b>			
Property development costs		126,596	69,778
Inventories		668	688
Trade receivables	16	58,239	74,670
Other receivables		8,307	21,069
Fixed deposits with licensed banks		3,413	30
Cash and bank balances		7,645	6,012
		<u>204,868</u>	<u>172,247</u>
<b>TOTAL ASSETS</b>		<b>279,337</b>	<b>243,497</b>
<b>EQUITY AND LIABILITIES</b>			
<b>Equity attributable to shareholders of the Company</b>			
Share capital		90,000	90,000
Share premium		2,416	2,416
Reserve on consolidation		-	3,837
Retained earnings		50,198	49,218
<b>Total Equity</b>		<u>142,614</u>	<u>145,471</u>
<b>Non-Current Liabilities</b>			
Borrowings	26	37,750	18,537
Deferred tax liabilities		44	-
		<u>37,794</u>	<u>18,537</u>
<b>Current Liabilities</b>			
Borrowings	26	71,772	52,368
Trade payables	17	25,977	25,537
Other payables		733	997
Current tax payable		250	556
Dividends payable		197	31
		<u>98,929</u>	<u>79,489</u>
<b>Total Liabilities</b>		<u>136,723</u>	<u>98,026</u>
<b>TOTAL EQUITY AND LIABILITIES</b>		<b>279,337</b>	<b>243,497</b>

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 Nine-Month Period Ended 30 September 2006

(The figures have not been audited)

	← Attributable to Shareholders of the Company →					
	Note	Share Capital RM'000	← Non-Distributable → Share Premium RM'000	Reserve on Consolidation RM'000	Distributable Retained Earnings RM'000	Total Equity RM'000
<b>At 1 January 2005</b>		90,000	2,416	3,841	43,862	140,119
Profit for the period		-	-	-	12,988	12,988
Acquisition of subsidiary company		-	-	(3)	-	(3)
Dividends		-	-	-	(8,100)	(8,100)
<b>At 30 September 2005</b>		90,000	2,416	3,838	48,750	145,004
<b>At 1 January 2006</b>		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		-	-	-	383	383
Dividends		-	-	-	(3,240)	(3,240)
<b>At 30 September 2006</b>		90,000	2,416	-	50,198	142,614

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 Nine-Month Period Ended 30 September 2006

(The figures have not been audited)

	9 months ended	
	30 September 2006 RM'000	30 September 2005 RM'000
Net cash used in operating activities	(30,382)	(24,875)
Net cash (used in)/ generated from investing activities	(135)	4,744
Net cash generated from financing activities	33,515	15,465
<b>Net increase/ (decrease) in cash and cash equivalents</b>	<b>2,998</b>	<b>(4,666)</b>
<b>Cash and cash equivalents at beginning of financial period</b>	<b>5,127</b>	<b>5,589</b>
<b>Cash and cash equivalents at end of financial period</b>	<b>8,125</b>	<b>923</b>

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

	As at 30 September 2006 RM'000	As at 30 September 2005 RM'000
Cash and bank balances	7,645	9,054
Fixed deposits with licensed banks	3,413	30
Bank overdrafts (included in short-term borrowings in Note 26)	(2,933)	(8,161)
	<b>8,125</b>	<b>923</b>

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)**

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## **PART A – EXPLANATORY NOTES PURSUANT TO FRS 134**

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### **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 (“FRSs”) 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, 127, 132, 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 FRSs are discussed below:



## **IBRACO BERHAD (Company No. 011286-P)**

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### **2. Changes in Accounting Policies (cont'd)**

#### **(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 recognised 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 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 30 September 2006 except as disclosed in Note 2.



**IBRACO BERHAD (Company No. 011286-P)**

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**6. Changes in Estimates**

There were no changes in estimates that have had a material effect in the current quarter 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. Dividends Paid**

Dividends paid on 14 July 2006 was declared on 28 March 2006, in respect of the year ended 31 December 2005 being final dividend of 5% less 28% taxation, on 90,000,000 ordinary shares, amounting to RM3,240,000.

**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 interim 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)**

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**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 interim report.

**15. Related Party Transactions**

		3 months ended	
	Note	30 September 2006 RM	30 September 2005 RM
<b>Ibraco Bhd</b>			
Sale of developed property to Wan Kamal Ibrahim bin Wan Alwi Ibrahim	(a)	-	353,000
Sale of landed property to Kathleen Yong Chiew Lian	(b)	438,000	-
<b>Ibraco Properties Sdn. Bhd.</b>			
Landscape maintenance work	(c)	17,900	-
Proposed acquisition of landed properties		-	31,966,444
Rental of lands		27,900	-
<b>Syarikat Pemegang Palma Lilin Sdn. Bhd.</b>			
Rental paid for office premises	(c)	125,200	134,700
<b>Irama Tabuan Sdn. Bhd.</b>			
Purchase of goods and other sundries	(d)	4,100	5,566





**IBRACO BERHAD (Company No. 011286-P)**

**15. Related Party Transactions (cont'd)**

**Notes**

- (a) Wan Kamal Ibrahim bin Wan Alwi Ibrahim is the Group Managing Director/ Chief Executive Officer of Ibraco Berhad.
- (b) Kathleen Yong Chiew Lian is the wife of Mr Henry Yeo Hap Soon, the alternate director to Wan Aziz Ibrahim bin Wan Alwi Ibrahim of Ibraco Berhad and resigned on 30 September 2006.
- (c) 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.
- (d) 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.

**16. Trade Receivables**

	<b>Unaudited 30 September 2006 RM'000</b>	<b>Audited 31 December 2005 RM'000</b>
Trade receivables	26,926	27,067
Accrued billings in respect of property development costs	31,313	47,603
	<u>58,239</u>	<u>74,670</u>

**17. Trade Payables**

	<b>Note</b>	<b>Unaudited 30 September 2006 RM'000</b>	<b>Audited 31 December 2005 RM'000</b>
Trade payables		5,423	10,230
Progress billings in respect of property development costs		5,247	-
Provision for land costs	(a)	15,307	15,307
		<u>25,977</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)**

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

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**18. Review of Performance**

The Group's revenue for the current financial quarter ended 30 September 2006 decreased to RM26.6 Million from RM46.7 Million in the corresponding financial quarter ended 30 September 2005.

For the current quarter, the Group recorded a profit before tax of RM2.3 million compared to a profit before tax of RM11.8 Million achieved in the prior financial quarter ended 30 September 2005.

The decrease in the Group's current quarter's profit was mainly attributable to poor sales resulting from the prevailing sluggish market environment. The higher construction cost arising from escalating prices of major building materials also reduced the profit margin substantially. The Group's results for the current quarter are within expectations with the present market condition and price escalation of major building materials.

**19. Comparison with Preceding Quarter's Results**

The Group's turnover and profit before tax for the current quarter were RM26.6 Million and RM2.3 Million respectively. The Group's turnover and loss before tax for the immediate preceding quarter ended 30 June 2006 were RM17.2 Million and RM1.86 Million respectively. The current quarter which shows an improvement from the immediate preceding quarter, was mainly contributed by sale of landed properties. Overall, the current quarter's performance reflects the residing sluggish market condition.

**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)**

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**21. Actual Profit against Forecast Profit and Profit Guarantee**

The disclosure requirements for explanatory notes for the variance of actual profit after tax and minority interest and forecast profit after tax and minority interest and for the shortfall in profit guarantee are not applicable.

**22. Income Tax Expense**

	3 months ended		9 months ended	
	30 September 2006 RM'000	30 September 2005 RM'000	30 September 2006 RM'000	30 September 2005 RM'000
Current tax:				
Malaysian income tax	855	3,891	1,491	6,192
Underprovision of Malaysian income tax in prior year	329	-	329	-
Deferred tax	(198)	(546)	(1,080)	(546)
Total income tax expense	<u>986</u>	<u>3,345</u>	<u>740</u>	<u>5,646</u>

The effective tax rates for the current quarter and financial period ended 30 September 2006 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 other subsidiaries.

**23. Sale of Unquoted Investments and Properties**

There were no sale of unquoted investments and properties during the current quarter under review and the financial period ended 30 September 2006.

**24. Quoted Securities**

There was no purchase or sale of quoted investments during the current quarter under review and the financial period ended 30 September 2006.



**IBRACO BERHAD (Company No. 011286-P)**

**25. Status of Corporate Proposals**

All announced corporate proposals have been completed as at the date of this quarterly report.

**26. Borrowings and Debt Securities**

	<b>Unaudited As at 30 September 2006 RM'000</b>	<b>Audited As at 31 December 2005 RM'000</b>
<b>Short term borrowings</b>		
Secured: Bank overdrafts	65	915
Term loans	10,000	8,151
Trade financings	25,000	43,302
Unsecured : Bank overdrafts	2,867	-
Trade financings	33,840	-
	<u>71,772</u>	<u>52,368</u>
<b>Long term borrowings</b>		
Secured: Term loans	37,750	18,537
	<u>109,522</u>	<u>70,905</u>

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

The Group did not issue any debt securities.

**27. Off Balance Sheet Financial Instruments**

There were no off balance sheet financial instruments as at 15 November 2006.

**28. Changes in Material Litigation**

There was no known material litigation as at 15 November 2006.

**29. Dividend Payable**

No interim ordinary dividend has been declared for the financial period ended 30 September 2006 (30 September 2005: 5% less 28% taxation on 90,000,000 ordinary shares, amounting to RM3.24 million).



**IBRACO BERHAD (Company No. 011286-P)**

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**30. Earnings Per Share**

(a) Basic

	3 months ended		9 months ended	
	30 September 2006	30 September 2005	30 September 2006	30 September 2005
Profit attributable to shareholders of the Company (RM'000)	1,355	8,503	383	12,988
Number of ordinary shares in issue	90,000,000	90,000,000	90,000,000	90,000,000
Basic earnings per share (sen)	1.51	9.45	0.43	14.43

(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 16 November 2006.