



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

**CONDENSED CONSOLIDATED INCOME STATEMENTS**

For the year ended 31 December 2006

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

	Note	CURRENT QUARTER 3 months ended 31 December		CUMULATIVE QUARTER 12 months ended 31 December	
		2006 RM'000	2005 RM'000	2006 RM'000	2005 RM'000
<b>Revenue</b>		33,655	46,963	95,936	154,582
Cost of Sales		(23,940)	(41,969)	(76,774)	(121,590)
<b>Gross Profit</b>		9,715	4,994	19,162	32,992
Other Income		84	5	129	71
Net increment in net market value of nursery plants		127	-	127	-
Administrative Expenses		(2,940)	(3,644)	(11,001)	(12,493)
Selling and Marketing Expenses		(71)	(48)	(368)	(426)
Other expenses		(43)	-	(43)	(8)
Finance Costs		(173)	22	(184)	(173)
<b>Profit Before Tax</b>		6,699	1,329	7,822	19,963
Income Tax Expense	22	(1,456)	(861)	(2,196)	(6,507)
<b>Profit For The Period</b>		5,243	468	5,626	13,456
Attributable to Shareholders of the Company		5,243	468	5,626	13,456
<b>Earnings Per Share Attributable To Shareholders of The Company:</b>					
Basic, for profit for the period (Sen)	30	5.73	0.52	6.16	14.95
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 December 2006 and 31 December 2005

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

	Note	Unaudited As at 31 December 2006 RM'000	Audited As at 31 December 2005 RM'000
<b>ASSETS</b>			
<b>Non-Current Assets</b>			
Property, plant & equipment	10	3,471	4,252
Land held for property development		75,047	66,723
Deferred tax asset		2,569	275
		81,087	71,250
<b>Current Assets</b>			
Property development costs		130,151	69,778
Inventories		1,810	688
Trade receivables	16	62,142	74,670
Other receivables		5,199	21,069
Amount due from deemed ultimate holding company		9	-
Fixed deposits with licensed banks		3,467	30
Cash and bank balances		3,057	6,012
		205,835	172,247
<b>TOTAL ASSETS</b>		286,922	243,497
<b>EQUITY AND LIABILITIES</b>			
<b>Equity attributable to shareholders of the Company</b>			
Share capital		99,494	90,000
Share premium		7,732	2,416
Reserve on consolidation		-	3,837
Retained earnings		55,441	49,218
<b>Total Equity</b>		162,667	145,471
<b>Non-Current Liabilities</b>			
Borrowings	26	34,750	18,537
Deferred tax liabilities		44	-
		34,794	18,537
<b>Current Liabilities</b>			
Borrowings	26	76,857	52,368
Trade payables	17	10,636	25,537
Other payables		1,946	997
Amount due to deemed ultimate holding company		2	-
Current tax payable		-	556
Dividends payable		20	31
		89,461	79,489
<b>Total Liabilities</b>		124,255	98,026
<b>TOTAL EQUITY AND LIABILITIES</b>		286,922	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 year ended 31 December 2006

(The figures for 31 December 2006 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	3,840	43,862	140,118
Profit for the year		-	-	-	13,456	13,456
Acquisition of subsidiary company		-	-	(3)	-	(3)
Dividends		-	-	-	(8,100)	(8,100)
<b>At 31 December 2005</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 year		-	-	-	5,626	5,626
Issue of ordinary shares for acquisition of lands		9,494	5,316	-	-	14,810
Dividends		-	-	-	(3,240)	(3,240)
<b>At 31 December 2006</b>		99,494	7,732	-	55,441	162,667

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 year ended 31 December 2006

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

	<b>31 December 2006 RM'000</b>	<b>31 December 2005 RM'000</b>
Net cash used in operating activities	(36,566)	(14,882)
Net cash used in investing Activities	(219)	(793)
Net cash generated from financing activities	29,971	15,213
<b>Net decrease in cash and cash equivalents</b>	<b>(6,814)</b>	<b>(462)</b>
<b>Cash and cash equivalents at beginning of year</b>	<b>5,127</b>	<b>5,589</b>
<b>Cash and cash equivalents at end of year</b>	<b>(1,687)</b>	<b>5,127</b>

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

	<b>As at 31 December 2006 RM'000</b>	<b>As at 31 December 2005 RM'000</b>
Cash and bank balances	3,057	6,012
Fixed deposits with licensed banks	3,467	30
Bank overdrafts (included in short-term borrowings in Note 26)	(8,211)	(915)
	<b>(1,687)</b>	<b>5,127</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 Group has also adopted an Australian Accounting Standard (AAS 35) on Self-Generating and Regenerating Assets (SGARAs). This is necessary as there is no corresponding standard being issued by the Malaysian Accounting Standard Board. It is in line with FRS 108 which stipulated that the adoption of other accounting standard is acceptable if it results in a fair, reliable and faithful presentation of the accounts. The key feature of AAS 35 is that it requires SGARAs to be measured at net market value. Increment/(decrement) in the net market values of SGARAs shall be recognised as revenue/(expense) in the Income Statement.



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

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The Group has not early adopted FRS117 – leases, FRS 124 – Related Party Disclosures and the deferred FRS 139 – Financial Instructions: Recognition and Measurement.

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:

**(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.



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

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**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 year ended 31 December 2006 except as disclosed in Note 2.

**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. Revenue and profit generated from landscaping works is insignificant compared to the Group's overall revenue and profit.



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

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**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.

**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.





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

**15. Related Party Transactions**

		3 months ended	
	Note	31 December 2006 RM	31 December 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)	35,800	-
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)	113,600	171,600
<b>Irama Tabuan Sdn. Bhd.</b>			
Purchase of goods and other sundries	(d)	3,330	7,410

**Notes**

- (a) Wan Kamal Ibrahim bin Wan Alwi Ibrahim is a Non-Executive and Non-Independent Director of Ibraco Berhad.
- (b) Kathleen Yong Chiew Lian is the wife of Mr Henry Yeo Hap Soon, the alternate director to Wan Aziz 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**

	Unaudited 31 December 2006 RM'000	Audited 31 December 2005 RM'000
Trade receivables	27,583	27,067
Accrued billings in respect of property development costs	34,559	47,603
	62,142	74,670



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

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**17. Trade Payables**

	<b>Note</b>	<b>Unaudited 31 December 2006 RM'000</b>	<b>Audited 31 December 2005 RM'000</b>
Trade payables		10,636	10,230
Provision for land costs	(a)	-	15,307
		<u>10,636</u>	<u>25,537</u>

Note (a) This amount represents the provisional cost of lands currently being developed by Ibraco Berhad under the Option Agreement as disclosed in the Prospectus dated 12 May 2004. These lands had been acquired by Ibraco Berhad via issuance of new ordinary shares.



**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 31 December 2006 decreased to RM33.66 Million from RM46.96 Million in the corresponding financial quarter ended 31 December 2005.

For the current quarter, the Group recorded a profit before tax of RM6.7 million compared to a profit before tax of RM1.3 Million achieved in the prior financial quarter ended 31 December 2005.

The increase in the Group's current quarter profit was mainly attributable to profit recognised from the development of exclusive detached lots which generally give a much higher profit margin compared to a mixed development project.

However, overall the Group's annual profit was lower than those achieved in 2005. This 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/financial year 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 RM33.66 Million and RM6.7 Million respectively. The Group's turnover and profit before tax for the immediate preceding quarter ended 30 September 2006 were RM26.6 Million and RM2.3 Million respectively. The current quarter's performance which shows an improvement from the immediate preceding quarter, was mainly contributed by sale of exclusive detached lots. Overall, the current quarter's performance reflects the residing sluggish market condition.



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

**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.

**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		12 months ended	
	31 December 2006 RM'000	31 December 2005 RM'000	31 December 2006 RM'000	31 December 2005 RM'000
Current tax:				
Malaysian income tax	2,626	834	4,117	7,026
Under/(over)provision of Malaysian income tax in prior year	-	(176)	329	(176)
Deferred tax	(1,170)	203	(2,250)	(343)
Total income tax expense	1,456	861	2,196	6,507

Additional assessment of tax payable was raised by Inland Revenue Board. We have not recognised this additional assessment as the Group is appealing against the assessment the outcome of which is unknown.

The effective tax rate for the current quarter was lower than the statutory tax rate mainly due to deferred tax assets arising from unrealised inter-company profit and provisions for projects. The effective tax rates for the financial year ended 31 December 2006 were slightly 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 year ended 31 December 2006.



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**24. Quoted Securities**

There was no purchase or sale of quoted investments during the current quarter under review and the financial year ended 31 December 2006.

**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 31 December 2006 RM'000</b>	<b>Audited As at 31 December 2005 RM'000</b>
<b>Short term borrowings</b>		
Secured: Bank overdrafts	3,627	915
Term loans	10,500	8,151
Trade financings	25,000	43,302
Unsecured : Bank overdrafts	4,584	-
Trade financings	33,146	-
	76,857	52,368
<b>Long term borrowings</b>		
Secured: Term loans	34,750	18,537
	111,607	70,905

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 26 February 2007.

**28. Changes in Material Litigation**

There was no known material litigation as at 26 February 2007.



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

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**29. Dividend Payable**

No interim ordinary dividend has been declared for the financial year ended 31 December 2006 (31 December 2005: 10% less 28% taxation on 90,000,000 ordinary shares, amounting to RM6.48 million).

**30. Earnings Per Share**

(a) Basic

	3 months ended		12 months ended	
	31 December 2006	31 December 2005	31 December 2006	31 December 2005
Profit attributable to shareholders of the Company (RM'000)	5,243	468	5,626	13,456
Number of ordinary shares in issue	99,494,095	90,000,000	99,494,095	90,000,000
Basic earnings per share (sen)	5.73	0.52	6.16	14.95

(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 27 February 2007.