

**IVORY PROPERTIES GROUP BERHAD (673211 – M)**

**UNAUDITED INTERIM FINANCIAL REPORT FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2011**  
**CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION**

	<b>Unaudited As at 31.12.2011 RM'000</b>	<b>Audited As at 31.12.2010 RM'000</b>
<b>Assets</b>		
Property, plant and equipment	49,983	40,705
Investment properties	49,719	48,196
Land held for property development	75,980	26,297
Intangible assets	613	634
Investment in associates	21,514	7,571
Investment in joint venture	10,926	-
Other investment	-	53
Deferred tax asset	322	-
<b>Total non-current assets</b>	<b>209,057</b>	<b>123,456</b>
Property development costs	101,712	180,421
Inventories	168,397	59,029
Current tax assets	671	186
Trade and other receivables	90,880	93,835
Cash and cash equivalents	24,722	14,924
<b>Total current assets</b>	<b>386,382</b>	<b>348,395</b>
<b>Total assets</b>	<b>595,439</b>	<b>471,851</b>
<b>Equity</b>		
Share capital	93,000	93,000
Share premium	20,766	20,766
Retained earnings	102,499	78,033
<b>Equity attributable to owners of the company</b>	<b>216,265</b>	<b>191,799</b>
<b>Non-controlling interest</b>	<b>(15)</b>	<b>-</b>
<b>Total equity</b>	<b>216,250</b>	<b>191,799</b>
<b>Liabilities</b>		
Loans and borrowings	124,548	67,448
Deferred tax liabilities	10,180	1,357
<b>Total non-current liabilities</b>	<b>134,728</b>	<b>68,805</b>
Loans and borrowings	55,255	37,677
Trade and other payables	181,834	166,213
Current tax liabilities	7,372	7,357
<b>Total current liabilities</b>	<b>244,461</b>	<b>211,247</b>
<b>Total liabilities</b>	<b>379,189</b>	<b>280,052</b>
<b>Total equity and liabilities</b>	<b>595,439</b>	<b>471,851</b>
<b>Net assets per share attributable to ordinary equity holders of the company (RM)*</b>	<b>1.16</b>	<b>1.03</b>

\* Computed based on 186,000,000 ordinary shares of RM0.50 each in the Company ("Shares").

The Condensed Consolidated Statement of Financial Position should be read in conjunction with the Annual Financial Report for the financial year ended 31 December 2010 and the accompanying explanatory notes attached to this interim financial report.

**IVORY PROPERTIES GROUP BERHAD (673211 – M)**

**UNAUDITED INTERIM FINANCIAL REPORT FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2011**  
**CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME**

	Individual Quarter		Cumulative Quarter	
	Current Year Quarter 31.12.2011 RM'000	Preceding Year Corresponding Quarter 31.12.2010 RM'000	Current Year-To-Date 31.12.2011 RM'000	Preceding Year Corresponding Period 31.12.2010 RM'000
Revenue	(18,463)	41,240	97,424	163,343
Cost of sales	29,119	(22,594)	(41,862)	(88,543)
<b>Gross profit</b>	<b>10,656</b>	<b>18,646</b>	<b>55,562</b>	<b>74,800</b>
Other operating expenses	(11,617)	(10,560)	(42,825)	(34,206)
Other operating income	6,376	1,605	11,048	5,954
<b>Results from operating activities</b>	<b>5,415</b>	<b>9,691</b>	<b>23,785</b>	<b>46,548</b>
Finance costs	(2,250)	(498)	(6,580)	(4,235)
Share of results of associated companies, net of tax	4,223	3,963	13,888	6,049
Share of results of joint venture, net of tax	(24)	-	(24)	-
<b>Profit before tax</b>	<b>7,364</b>	<b>13,156</b>	<b>31,069</b>	<b>48,362</b>
Tax expense	(1,675)	(2,767)	(6,618)	(12,672)
<b>Profit for the period</b>	<b>5,689</b>	<b>10,389</b>	<b>24,451</b>	<b>35,690</b>
<b>Other comprehensive income for the period, net of tax</b>	-	-	-	-
<b>Total comprehensive income for the period</b>	<b>5,689</b>	<b>10,389</b>	<b>24,451</b>	<b>35,690</b>
<b>Profit attributable to:</b>				
Owners of the Company	5,704	10,389	24,466	35,690
Non-controlling interests	(15)	-	(15)	-
	<b>5,689</b>	<b>10,389</b>	<b>24,451</b>	<b>35,690</b>
<b>Total comprehensive income attributable to:</b>				
Owners of the Company	5,704	10,389	24,466	35,690
Non-controlling interests	(15)	-	(15)	-
	<b>5,689</b>	<b>10,389</b>	<b>24,451</b>	<b>35,690</b>
<b>Earnings per share attributable to the owners of the Company:</b>				
Basic (sen)	3.07	5.59	13.15	22.25

The Condensed Consolidated Statement of Comprehensive Income should be read in conjunction with the Annual Financial Report for the financial year ended 31 December 2010 and the accompanying explanatory notes attached to this interim financial report.

**IVORY PROPERTIES GROUP BERHAD (673211 – M)**

**UNAUDITED INTERIM FINANCIAL REPORT FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2011**

**CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY**

	Attributable to owners of the Company					Non-controlling interests RM'000	Total equity RM'000
	Non-distributable		Distributable		Total RM'000		
	Share capital RM'000	Share premium RM'000	Retained earnings RM'000				
<b>Balance at 1 January 2011</b>	93,000	20,766	78,033	191,799	-	191,799	
Total comprehensive income for the year	-	-	24,466	24,466	(15)	24,451	
<b>Balance at 31 December 2011</b>	<b>93,000</b>	<b>20,766</b>	<b>102,499</b>	<b>216,265</b>	<b>(15)</b>	<b>216,250</b>	
<b>Balance at 1 January 2010</b>	70,072	-	42,343	112,415	-	112,415	
Total comprehensive income for the year	-	-	35,690	35,690	-	35,690	
Issuance of ordinary shares pursuant to:-							
- acquisition of associated companies	478	680	-	1,158	-	1,158	
- rights issue	#	-	-	#	-	#	
- public issue	22,450	22,449	-	44,899	-	44,899	
- share issue expenses	-	(2,363)	-	(2,363)	-	(2,363)	
<b>Balance at 31 December 2010</b>	<b>93,000</b>	<b>20,766</b>	<b>78,033</b>	<b>191,799</b>	<b>-</b>	<b>191,799</b>	

# Denotes RM71

The Condensed Consolidated Statement of Changes in Equity should be read in conjunction with the Annual Financial Report for the financial year ended 31 December 2010 and the accompanying explanatory notes attached to this interim financial report.

**IVORY PROPERTIES GROUP BERHAD (673211 – M)**

**UNAUDITED INTERIM FINANCIAL REPORT FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2011**

**CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS**

	<b>Current Year-to- date 31.12.2011 RM'000</b>	<b>Preceding year corresponding period 31.12.2010 RM'000</b>
<b><u>Cash flows from operating activities</u></b>		
Profit before tax	31,069	48,362
Adjustments for:-		
Non-cash items	6,132	4,722
Non-operating items	(9,807)	(1,463)
Operating profit before changes in working capital	<u>27,394</u>	<u>51,621</u>
Net change in assets	(18,705)	(85,842)
Net change in liabilities	5,832	31,457
Cash from/(used in) operations	<u>14,521</u>	<u>(2,764)</u>
Tax paid	(7,332)	(9,372)
<b>Net cash from/(used in) operating activities</b>	<b><u>7,189</u></b>	<b><u>(12,136)</u></b>
<b><u>Cash flows from investing activities</u></b>		
Acquisition of investment properties	-	(3,348)
Acquisition of property, plant and equipment	-	(4,281)
Acquisition of intangible assets		(20)
Additions to land held for property development	-	(20)
Interest received	347	111
Increase in investment in associates	#	(980)
Investment in joint venture	(10,950)	-
Proceeds received from disposal of property, plant and equipment	221	65
Proceeds received from disposal of investment properties	-	603
Addition to land held for property development	(12)	-
Purchase of investment properties	(1,494)	-
Purchase of property, plant and equipment	(12,291)	-
Placement of fixed deposit	(96)	(724)
Withdrawal of fixed deposit	42	-
Acquisition of subsidiaries, net of cash	(37,385)	598
<b>Net cash used in investing activities</b>	<b><u>(61,618)</u></b>	<b><u>(7,996)</u></b>
<b><u>Cash flows from financing activities</u></b>		
Interest paid	(6,927)	(4,346)
Drawdown of loans	123,520	26,907
Proceeds from issuance of shares	-	44,899
Payment of share issue expenses	-	(2,363)
Repayment of borrowings	(47,229)	(40,189)
<b>Net cash from financing activities</b>	<b><u>69,364</u></b>	<b><u>24,908</u></b>

**IVORY PROPERTIES GROUP BERHAD (673211 – M)**

**UNAUDITED INTERIM FINANCIAL REPORT FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2011**

**CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS (*Cont'd*)**

Net increase in cash and cash equivalents	14,935	4,776
Cash and cash equivalents at beginning of year	4,457	(319)
<b>Cash and cash equivalents at end of year</b>	<b>19,392</b>	<b>4,457</b>

**Cash and cash equivalents comprise the following:-**

Cash and bank balances	19,621	10,473
Deposit with licensed banks (excluding deposit pledge)	3,086	2,490
Bank overdrafts	(3,315)	(8,506)
	<b>19,392</b>	<b>4,457</b>

# Denotes RM40

The Condensed Consolidated Statement of Cash Flows should be read in conjunction with the Annual Financial Report for the financial year ended 31 December 2010 and the accompanying explanatory notes attached to this interim financial report.

## **IVORY PROPERTIES GROUP BERHAD (673211 – M)**

### **UNAUDITED INTERIM FINANCIAL REPORT FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2011**

#### **PART A – EXPLANATORY NOTES PURSUANT TO THE FINANCIAL REPORTING STANDARD (“FRS”) 134: INTERIM FINANCIAL REPORTING**

##### **A1 Basis of Preparation**

The interim financial report is unaudited and has 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 report should be read in conjunction with the Annual Financial Report for the financial year ended 31 December 2010 and the accompanying explanatory notes attached to this interim financial report.

The explanatory notes 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 2010. The interim consolidated financial report and explanatory notes thereon do not include all the information required for a full set of financial statements prepared in accordance with FRSs.

##### **A2 Changes in Accounting Policies**

The accounting policies and methods of computation adopted by the Group in this interim financial report are consistent with those adopted in the most recent audited financial statements for the financial year ended 31 December 2010.

The following are accounting standards, amendments and interpretations of the FRS framework that have been issued by the Malaysian Accounting Standards Board (MASB) but have not been adopted by the Group:

##### **FRSs, Interpretations and amendments effective for annual periods beginning on or after 1 July 2011**

IC Interpretation 19, Extinguishing Financial Liabilities with Equity Instruments \*

Amendments to IC Interpretation 14, Prepayments of a Minimum Funding Requirement \*

##### **FRSs, Interpretations and amendments effective for annual periods beginning on or after 1 January 2012**

FRS 124, Related Party Disclosures (revised)

Amendments to FRS 1, First-time Adoption of Financial Reporting Standards – Severe Hyperinflation and Removal of Fixed Dates for First-time Adopters \*

Amendments to FRS 7, Financial Instruments: Disclosures – Transfers of Financial Assets

Amendments to FRS 112, Income Taxes – Deferred Tax: Recovery of Underlying Assets

##### **FRSs, Interpretations and amendments effective for annual periods beginning on or after 1 July 2012**

Amendments to FRS 101, Presentation of Financial Statements – Presentation of Items of Other Comprehensive Income

##### **FRSs, Interpretations and amendments effective for annual periods beginning on or after 1 January 2013**

FRS 9, Financial Instruments (2009)

**IVORY PROPERTIES GROUP BERHAD (673211 – M)**

**UNAUDITED INTERIM FINANCIAL REPORT FOR THE FINANCIAL YEAR ENDED  
31 DECEMBER 2011**

**PART A – EXPLANATORY NOTES PURSUANT TO THE FINANCIAL REPORTING  
STANDARD (“FRS”) 134: INTERIM FINANCIAL REPORTING (*Cont’d*)**

**Changes in Accounting Policies (*Cont’d*)**

FRS 9, Financial Instruments (2010)

FRS 10, Consolidated Financial Statements

FRS 11, Joint Arrangements

FRS 12, Disclosure of Interests in Other Entities

FRS 13, Fair Value Measurement

FRS 119, Employee Benefits (2011)

FRS 127, Separate Financial Statements (2011)

FRS 128, Investments in Associates and Joint Ventures (2011)

IC Interpretation 20, Stripping Costs in the Production Phase of a Surface Mine

The Group plans to apply the abovementioned standards, amendments and interpretations from the annual period beginning on 1 January 2012 for those standards, amendments or interpretations that are effective for annual periods beginning on or after 1 July 2011 and 1 January 2012, except for those marked “\*” which are not applicable to the Group.

The initial application of a standard, an amendment or an interpretation, which will be applied prospectively or which requires extended disclosures, is not expected to have any financial impacts to the current and prior periods financial statements upon their first adoption.

**IVORY PROPERTIES GROUP BERHAD (673211 – M)**

**UNAUDITED INTERIM FINANCIAL REPORT FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2011**

**PART A – EXPLANATORY NOTES PURSUANT TO THE FINANCIAL REPORTING STANDARD (“FRS”) 134: INTERIM FINANCIAL REPORTING (*Cont’d*)**

**A3 Auditors’ Report on Preceding Annual Financial Statements**

There was no qualification to the audited financial statements of the Group for the financial year ended 31 December 2010.

**A4 Seasonal or Cyclical Factors**

The business operations of the Group for the current financial quarter have not been significantly affected by any seasonal and cyclical factors.

**A5 Unusual Items Affecting Assets, Liabilities, Equity, Net Income or Cash Flows**

There were no unusual items affecting assets, liabilities, equity, net income or cash flows during the current financial quarter.

**A6 Material Changes in Estimates**

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

**A7 Debt and Equity Securities**

For current financial quarter and financial period-to-date under review, there were no issuance, cancellation, repurchase, resale or repayment of debt and/or equity securities, share buybacks, share cancellations, shares held as treasury shares and resale of treasury shares.

**A8 Dividends Paid**

No dividends have been paid during the current financial quarter.

**IVORY PROPERTIES GROUP BERHAD (673211 – M)**

**UNAUDITED INTERIM FINANCIAL REPORT FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2011**

**PART A – EXPLANATORY NOTES PURSUANT TO THE FINANCIAL REPORTING STANDARD (“FRS”) 134: INTERIM FINANCIAL REPORTING  
(Cont’d)**

**A9 Operating Segments**

The Group has four reportable segments, as described below, which are the Group’s strategic business units.

	<b>Property development and management RM '000</b>	<b>Construction contracts RM '000</b>	<b>Food and beverage RM '000</b>	<b>Investment holding and Others RM '000</b>	<b>Total RM '000</b>
<b>For the financial year ended 31 December 2011</b>					
External revenue	52,635	36,553	7,877	359	97,424
Inter-segment revenue	4,334	41,173	-	14,932	60,439
Segment profit/ (loss)	29,859	1,400	(2,918)	2,728	31,069
Segment assets (excluding associates and joint venture)	255,071	228,149	10,411	69,368	562,999
<b>For the financial year ended 31 December 2010</b>					
External revenue	138,307	22,100	1,897	1,039	163,343
Inter-segment revenue	4,445	118,170	175	1,850	124,640
Segment profit/ (loss)	50,000	1,323	(892)	(2,069)	48,362
Segment assets (excluding associates)	202,516	212,055	6,293	43,416	464,280

## **IVORY PROPERTIES GROUP BERHAD (673211 – M)**

### **UNAUDITED INTERIM FINANCIAL REPORT FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2011**

#### **PART A – EXPLANATORY NOTES PURSUANT TO THE FINANCIAL REPORTING STANDARD (“FRS”) 134: INTERIM FINANCIAL REPORTING (*Cont’d*)**

##### **A10 Subsequent Material Events**

There were no material events or transactions subsequent to the end of the current financial quarter ended 31 December 2011 to 22 February 2012 (the latest practicable date which is not earlier than 7 days from the date of issue of this quarterly report), except as disclosed in Note B6.

##### **A11 Changes in the Composition of the Group**

There were no changes in the composition of the Group for the current quarter and financial period to-date except for the followings:-

- (i) The wholly owned subsidiary of the Group, Ivory Associates Sdn. Bhd. (IASB) had on 15 June 2011 completed the acquisition of 847,059 ordinary shares of RM1.00 each representing approximately 94.12% of the issued and fully paid-up share capital of Tanjong Tokong Garden Development Sendirian Berhad (TTGD) for a total cash consideration of Ringgit Malaysia Thirty-seven Million Six Hundred and Forty-seven Thousand Sixty-six and Sen Sixty-seven (RM37,647,066.67) only.

Prior to the acquisition, IASB was an existing shareholder of TTGD holding 52,941 ordinary shares of RM1.00 each representing approximately 5.88% of the issued and fully paid-up share capital of TTGD. Upon the acquisition, TTGD has now become a wholly-owned subsidiary of IASB; and

- (ii) IASB had also on 15 June 2011 completed the acquisition of 32 ordinary shares of RM1.00 each representing approximately 94.12% of the issued and fully paid-up share capital of TTG Holdings Sdn Bhd (TTGH) for a total cash consideration of Ringgit Malaysia Thirty-two (RM32.00) only.

Prior to the acquisition, IASB was an existing shareholder of TTGH holding 2 ordinary shares of RM1.00 each representing approximately 5.88% of the issued and fully paid-up share capital of TTGH. Upon the acquisition, TTGH has now become a wholly-owned subsidiary of IASB.

- (iii) The Company had on 9 September 2011 incorporated a 80% wholly-owned subsidiary company, Soju Entertainment Sdn. Bhd., with issued and paid-up capital of RM10.00 divided into 10 ordinary shares of RM1.00 each. Soju Entertainment Sdn. Bhd. will be principally involved in the business of entertainment and food and beverage; and

- (iv) The wholly owned subsidiary of the Group, Ivory Utilities Sdn. Bhd. (IUSB) had on 14 October 2011 subscribed for an additional 50 ordinary shares of RM1.00 each in the capital of Tropicana Ivory Sdn Bhd (TISB) for a total cash consideration of Ringgit Malaysia Fifty (RM50.00) only. Prior to the subscription, which was on 13 October 2011, IUSB had acquired 1 ordinary share of RM1.00 representing 50% of the issued and paid-up share capital of TISB then.

Upon the subscription, IUSB owns 51 ordinary shares of RM1.00 each fully paid up in TISB representing a 51% equity stake thus making TISB a subsidiary of IUSB.

**IVORY PROPERTIES GROUP BERHAD (673211 – M)**

**UNAUDITED INTERIM FINANCIAL REPORT FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2011**

**PART A – EXPLANATORY NOTES PURSUANT TO THE FINANCIAL REPORTING STANDARD (“FRS”) 134: INTERIM FINANCIAL REPORTING (Cont’d)**

**A11 Changes in the Composition of the Group (Cont’d)**

On 30 December 2011, TISB had entered into a builder agreement with Ivory View Sdn Bhd (the “Builder”), a wholly-owned subsidiary of the Group.

Pursuant to the Builder Agreement, the Builder shall be entitled to receive the sum equivalent to 48% of the Gross Development Value for each phase of the works defined in Builder Agreement. The Gross Development Value for each phase shall be determined before the commencement of the works of such phase.

In relation thereto, TISB is now an associate company of the Group, holding 45% via IUSB.

**A12 Changes in Contingent Liabilities or Contingent Assets**

There were no material changes in contingent liabilities or contingent assets as at the end of the current financial quarter.

**A13 Capital Commitments**

The amount of capital commitments as at 31 December 2011 are as follows:-

	<b>RM’000</b>
<b>Contracted but not provided for:-</b>	
- Purchase of investment properties	2,287
- Purchase of development land	67,900
- Purchase of development land pursuant to the Purchase & Development Agreement dated 11 Nov 2011	<u>1,050,144*</u>
	<u>1,120,331</u>

\* Inclusive capital commitments of RM950,190,000 that exceeds 1 year.

**A14 Capital Expenditure**

There were no major additions and disposals of property, plant and equipment during the current financial quarter and financial period-to-date.

**A15 Significant Related Party Transactions**

There were no significant related party transactions entered into by the Group during the current financial quarter and financial period-to-date.

**IVORY PROPERTIES GROUP BERHAD (673211 – M)**

**UNAUDITED INTERIM FINANCIAL REPORT FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2011**

**PART B – EXPLANATORY NOTES PURSUANT TO PART A OF APPENDIX 9B OF THE LISTING REQUIREMENTS**

**B1 Review of Performance**

	<b>Current Year Quarter 31.12.2011</b>	<b>Immediate Preceding Quarter 30.9.2011</b>	<b>Preceding Year Corresponding Quarter 31.12.2010</b>	<b>Current Year-To-Date 31.12.2011</b>	<b>Preceding Year Corresponding Period 31.12.2010</b>
	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>
<b>Revenue</b>					
- Property development and management	(32,791)	24,073	42,895	52,635	138,307
- Construction contracts	13,231	9,320	(3,147)	36,553	22,100
- Food and beverage	806	2,238	1,277	7,877	1,897
- Investment holding and Others	291	1	215	359	1,039
<b>Total</b>	<b>(18,463)</b>	<b>35,632</b>	<b>41,240</b>	<b>97,424</b>	<b>163,343</b>

<b>Profit before tax</b>					
- Property development and management	9,046	7,670	13,174	29,859	50,000
- Construction contracts	1,118	(279)	890	1,400	1,323
- Food and beverage	(846)	(661)	(407)	(2,918)	(892)
- Investment holding and Others	(1,954)	(1,129)	(501)	2,728	(2,069)
<b>Total</b>	<b>7,364</b>	<b>5,601</b>	<b>13,156</b>	<b>31,069</b>	<b>48,362</b>

**Comparison between current year quarter and preceding year corresponding quarter**

**Revenue:**

The Group posted a negative revenue of RM18.5 million for current year quarter ended 31 December 2011 as opposed to a revenue of RM41.2 million in the preceding year corresponding quarter ended 31 December 2010. As for the financial year ended 31 December 2011, the Group posted a revenue of RM97.4 million as opposed to RM163.3 million in the corresponding financial year ended 31 December 2010. The decrease was mainly due to the limited sales in property development segment as there were no new big projects launched during the current financial year.

Another contributing factor to the decrease was due to the reversal of en bloc sales in Penang Times Square (“PTS”) phase 2, and 3 units of Moonlight Bay projects, amounting to about RM37.6 million. The en bloc sales agreement was entered into when the project was still under construction and thus, revenue, cost of sales as well as the profits were recognised progressively. As at 31 December 2011, in view of the uncertainty with the financing arrangement between the buyer and their financial institutions, the revenue in particular as well as its cost of sales was reversed. This explains the negative revenue of RM18.5 million reported in the current year quarter ended 31 December 2011 as opposed to the revenue of RM41.2 million recorded in preceding year corresponding quarter ended 31 December 2010. Under the property development and management segment, the negative revenue of RM32.8 million shows the effect of the reversal.

## **IVORY PROPERTIES GROUP BERHAD (673211 – M)**

### **UNAUDITED INTERIM FINANCIAL REPORT FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2011**

#### **PART B – EXPLANATORY NOTES PURSUANT TO PART A OF APPENDIX 9B OF THE LISTING REQUIREMENTS (*Cont'd*)**

##### **B1 Review of Performance (*Cont'd*)**

For the construction segment, the Group posted a revenue of RM13.2 million for the current year quarter and RM36.6 million for current year-to-date ended 31 December 2011 as opposed to a negative revenue of RM3.1 million for preceding year corresponding quarter and RM22.1 million for preceding year corresponding period ended 31 December 2010. The construction revenues were backed by the profitable projects developed by two associated companies of the Group, namely, Ivory Villas Sdn. Bhd. and Ivory Continental Sdn. Bhd.

The increase in revenue in the food and beverage segment for the current reporting financial year was the result of the Group's continuing efforts in transforming PTS into a premier F&B hub.

The revenue of investment holding and furniture & interior design segment was mainly contributed by the latter. Usually, the revenue of furniture and interior design will be picked up after completion of a development project whereby the purchasers will start renovating their homes. As such, the Group foresees the revenue will be increased in the next financial year due to the completion of PTS phase 2 in the second half of reporting financial year.

##### **Profit before Tax:**

The current year quarter ended 31 December 2011 recorded profit before tax of RM7.4 million as opposed to RM13.2 million in the preceding year corresponding quarter ended 31 December 2010. Likewise, the financial year ended 31 December 2011, the Group recorded profit before tax of RM31.1 million as opposed to RM48.4 million in the corresponding financial year ended 31 December 2010. As mentioned in the above section, the decrease in profit before tax was mainly due to lower sales.

Be that as it may, despite the decrease in sales due to the reasons mentioned in earlier section, the profit before tax was relatively higher especially in property development and management segment. This was due to the completion of PTS phase 2 with the final approved amendment plan where the saleable commercial areas have been considerably increased which gave rise to the increase in GDV of the PTS phase 2, and this was translated to higher profit recognition during the reporting quarter.

Investment holding and furniture & interior design segment reported lower revenue and loss before tax in the current reporting quarter and this was due to the higher provision of overhead costs towards the end of current financial year. Having said that, the negative goodwill arising from the acquisition of TTGH as disclosed in Note A11 (ii), which was included in the investment holding and furniture and interior design segment, had contributed profit to this segment.

Despite the increase in sales of construction contracts segment, the profit contribution was minimal due to competitive profit margin. The loss in food and beverage segment was due to higher initial overhead.

**IVORY PROPERTIES GROUP BERHAD (673211 – M)**

**UNAUDITED INTERIM FINANCIAL REPORT FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2011**

**PART B – EXPLANATORY NOTES PURSUANT TO PART A OF APPENDIX 9B OF THE LISTING REQUIREMENTS (*Cont'd*)**

**B2 Material Changes in the Quarterly Results as compared with the Immediate Preceding Quarter**

The Group reported negative revenue of RM18.5 million for the current year quarter ended 31 December 2011 compared to revenue of RM35.6 million for the immediate preceding quarter ended 30 September 2011. The decrease in revenue is explained in Note B1.

The construction works especially for the projects developed by the Group's 2 associate companies were accelerated towards the current year quarter ended 31 December that generated higher revenue for construction segment as compared with immediate preceding quarter ended 30 September 2011.

The Group recorded profit before tax of RM7.4 million for the current year quarter ended 31 December 2011 as opposed to RM5.6 million for the immediate preceding quarter ended 30 September 2011. The details are explained in Note B1.

**B3 Prospects for the current financial year**

Moving forward, the Board of Directors is of the opinion that in view of the current status of corporate proposals in progress, the Group's earnings as well as cash flow position in the mid-term should augur well. In addition, up-coming projects in PTS and Tanjung Tokong are in the pipeline to hog the limelight of Penang's property market.

Barring unforeseen circumstances, the Board of Directors expects its business prospects for the next financial year ending 31 December 2012 to be favourable.

**B4 Variance between Actual Profit and Forecast Profit**

The Group did not issue any profit forecast nor profit guarantee for the period under review.

## IVORY PROPERTIES GROUP BERHAD (673211 – M)

### UNAUDITED INTERIM FINANCIAL REPORT FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2011

#### PART B – EXPLANATORY NOTES PURSUANT TO PART A OF APPENDIX 9B OF THE LISTING REQUIREMENTS (*Cont'd*)

##### B5 Taxation

The taxation for the Group comprised of the following:-

	Individual Period		Cumulative Period	
	Current Quarter 31.12.2011 RM'000	Preceding Year Corresponding Quarter 31.12.2010 RM'000	Current Year- to-Date 31.12.2011 RM'000	Preceding Year Corresponding Period 31.12.2010 RM'000
Current income tax Malaysian - Current year	2,056	3,524	6,985	12,959
Deferred taxation	(381)	(757)	(367)	(287)
	<b>1,675</b>	<b>2,767</b>	<b>6,618</b>	<b>12,672</b>

The effective tax rate (excluding share of profit/(loss) from associated companies and joint-venture company) for the current quarter and financial year-to-date was higher than the statutory tax rate mainly due to certain expenses being not deductible for tax purpose.

##### B6 Status of Corporate Proposals

There were no corporate proposals that have been announced but not yet completed during the current financial quarter and financial year-to-date under review, except for the following proposals which were announced by the Company on the following dates:-

###### B6.1 11 November 2011

B6.1.1 Proposed Purchase and Development Agreement (“PDA”) between Chief Minister of Penang (Incorporation) and the Penang Development Corporation to purchase and develop all that pieces of land measuring approximately 102.56 acres in Bayan Mutiara, Northeast District of Penang for a total consideration of RM1,072,203,264;

B6.1.2 Proposed Joint Venture Agreement between Ivory and Dijaya Corporation Berhad to govern a joint venture company, namely Tropicana Ivory Sdn Bhd (“TISB”), for the proposed purchase and development of the Land (“JVA”);

B6.1.3 Proposed renounceable rights issue of 186,000,000 new ordinary shares of RM0.50 each in Ivory (“Rights Shares(s)”) together with 186,000,000 new free detachable warrants (“Warrant(s)”) on the basis of one (1) Rights Share and one (1) free Warrant for every one (1) existing ordinary share of RM0.50 each in Ivory (“Ivory Share(s)”) held on an entitlement date to be determined later;

**IVORY PROPERTIES GROUP BERHAD (673211 – M)**

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**PART B – EXPLANATORY NOTES PURSUANT TO PART A OF APPENDIX 9B OF THE LISTING REQUIREMENTS (*Cont'd*)**

**B6 Status of Corporate Proposals (*Cont'd*)**

- B6.1.4 Proposed bonus issue of 46,500,000 Ivory Shares ("Bonus Share(s)") on the basis of one (1) Bonus Share for every four (4) Rights Shares subscribed;
- B6.1.5 Proposed provision of financial assistance by Ivory to TISB in the event TISB becomes an associated company of Ivory pursuant to the salient terms of the JVA governing the Proposed Joint Venture;
- B6.1.6 Proposed increase in the authorised share capital of the Company from RM100,000,000 comprising 200,000,000 Ivory Shares to RM500,000,000 comprising 1,000,000,000 Ivory Shares; and
- B6.1.7 Proposed amendments to the Memorandum and Articles of Association ("M&A") of the Company.

**B6.2 5 December 2011**

- B6.2.1 Proposed acquisition of the remaining 51% equity interest in Ivory Villas Sdn Bhd for a total purchase consideration of RM40,000,000 to be satisfied via the issuance of new Ivory Shares and a cash payment of RM20,000,000 ("Proposed Acquisition").

The Proposed PDA, Proposed Joint Venture, Proposed Rights Issue, Proposed Bonus Issue, Proposed Provision of Financial Assistance, Proposed Increase in Authorised Share Capital, Proposed Amendments and Proposed Acquisition are collectively referred to as the "Proposals".

The Proposals are subject to approval of the shareholders of the Company. An EGM will be convened on 5 March 2012 to seek the approval.

## IVORY PROPERTIES GROUP BERHAD (673211 – M)

### UNAUDITED INTERIM FINANCIAL REPORT FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2011

#### PART B – EXPLANATORY NOTES PURSUANT TO PART A OF APPENDIX 9B OF THE LISTING REQUIREMENTS (*Cont'd*)

##### **B7 Borrowings and Debt Securities**

Details of the Group's borrowings as at 31 December 2011 are as follows:-

	<b>Secured RM'000</b>
<i>Long Term Borrowings</i>	
Term Loans & Bridging Loans	119,574
Hire purchase	4,974
	<hr/> 124,548 <hr/>
<i>Short Term Borrowings</i>	
Term Loans & Bridging Loans	48,973
Hire purchase	2,967
Overdrafts	3,315
	<hr/> 55,255 <hr/>
<b>Total</b>	<hr/> <b>179,803</b> <hr/>

The Group has no foreign currency borrowings.

##### **B8 Material Litigation**

Save as disclosed below, as at 30 November 2011, the Group is not engaged in any material litigation:-

Penang High Court Civil Suit No. 22-240-2008

##### Ivory Indah Sdn Bhd vs Krishna Kumar S/O T.N. Sharma

IISB has filed this case in its capacity as plaintiff against the defendant, Krishna Kumar S/O T.N. Sharma, claiming Specific Performance of agreements dated 6 August 2007 and 30 January 2008 for the sale and purchase of a piece of land known as Geran No. 1272, Lot No. 2838, Mukim 18, Daerah Timur Laut, Penang (“**Land**”) with a total land area of approximately 53 acres or alternatively, for damages in lieu or in addition to Specific Performance.

The defendant in turn has filed a Counter Claim to resist the suit and claimed for loss of profits projected in an earlier joint venture to develop the Land. The Defendant is counterclaiming to declare the agreements for the sale and purchase of the Land as null and void and to claim for loss of profit.

The Company has filed for Summary Judgment to enforce the contract specifically. On 19 September 2011, the Penang High Court gave Judgment and ordered Specific Performance of the Agreements dated 6th August, 2007 and 30 January 2008 in favour of Ivory Indah Sdn. Bhd..

**IVORY PROPERTIES GROUP BERHAD (673211 – M)**

**UNAUDITED INTERIM FINANCIAL REPORT FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2011**

**PART B – EXPLANATORY NOTES PURSUANT TO PART A OF APPENDIX 9B OF THE LISTING REQUIREMENTS (Cont'd)**

**B8 Material Litigation (Cont'd)**

The Appeal was heard on 2 February 2012 and the Court of Appeal struck out the Appeal with the Deposit being paid to the Director General of Insolvency. The Defendant currently has thirty (30) days from the Court of Appeal's decision to file an application for "Leave to Appeal" at the Federal Court. Meanwhile, the Solicitor-in-charge of this case have stated that they shall continue to liaise with the Insolvency Department of Malaysia and the various competing parties who have lodged caveats upon Land 1272 to allow the Order for Specific Performance to be completed.

**B9 Dividend**

No interim ordinary dividend has been declared for the financial period ended 31 December 2011.

**B10 Basic Earnings per Share**

The basic earnings per share for the current financial quarter and current financial year-to-date are computed as follows:-

	<b>Individual Period</b>		<b>Cumulative period</b>	
	<b>Current Quarter</b>	<b>Preceding Year Corresponding Quarter</b>	<b>Current Year-to-Date</b>	<b>Preceding Year Corresponding Period</b>
	<b>31.12.2011</b>	<b>31.12.2010</b>	<b>31.12.2011</b>	<b>31.12.2010</b>
Profit attributable to owners of the Company (RM'000)	5,704	10,389	24,466	35,690
Weighted average number of ordinary shares in issue ('000)	186,000	186,000	186,000	160,414
<b>Basic earnings per share (sen)</b>	<b>3.07</b>	<b>5.59</b>	<b>13.15</b>	<b>22.25</b>

Basic earnings per share is calculated based on the Group's profit attributable to equity holders of the Company and the weighted average number of ordinary shares outstanding during the reporting period.

**IVORY PROPERTIES GROUP BERHAD (673211 – M)**

**UNAUDITED INTERIM FINANCIAL REPORT FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2011**

**PART B – EXPLANATORY NOTES PURSUANT TO PART A OF APPENDIX 9B OF THE LISTING REQUIREMENTS (Cont'd)**

**B11 Profit before tax**

	Individual Period		Cumulative period	
	Current Quarter 31.12.2011 RM'000	Preceding Year Corresponding Quarter 31.12.2010 RM'000	Current Year-to-Date 31.12.2011 RM'000	Preceding Year Corresponding Period 31.12.2010 RM'000
Depreciation of property, plant and equipment	1,250	930	4,591	3,382
Depreciation of investment properties	430	422	1,701	1,624
Amortisation of intangible assets	5	4	21	16
Interest expense	2,518	929	6,927	4,346
Interest income	(269)	209	(347)	(111)
Rental income from property	(911)	(403)	(2,031)	(1,185)

Other than the above items, there were no impairment of assets, provision for and write off of receivables and inventories and exceptional items for the current quarter and financial year ended 31 December 2011.

**B12 Realised and Unrealised Profits**

Bursa Malaysia Securities Berhad (“Bursa”) has on 25 March 2010 issued a directive which requires all listed companies to disclose a breakdown of the retained earnings as at the end of the reporting period, into realised and unrealised profits or losses, for the purpose of greater transparency. The breakdown of retained profits of the Group, pursuant to the format prescribed by Bursa, is as follows:

	As at 31.12.11 RM'000	As at 31.12.10 RM'000
Total retained earnings of Ivory Properties Group Berhad and its subsidiaries:		
- Realised gain	168,200	140,677
- Unrealised loss	(9,858)	(1,357)
	<u>158,342</u>	<u>139,320</u>
Total share of retained earnings of associates:		
- Realised gain	19,380	5,436
- Unrealised loss	(4)	(3)
	<u>19,376</u>	<u>5,433</u>
Total share of retained earnings of joint venture:		
- Realised loss	(24)	-
	<u>177,694</u>	<u>144,753</u>
Less: Consolidated adjustments	(75,195)	(66,720)
Total Group retained earnings	<u><u>102,499</u></u>	<u><u>78,033</u></u>

**IVORY PROPERTIES GROUP BERHAD (673211 – M)**

**UNAUDITED INTERIM FINANCIAL REPORT FOR THE FINANCIAL YEAR ENDED 31  
DECEMBER 2011**

**PART B – EXPLANATORY NOTES PURSUANT TO PART A OF APPENDIX 9B OF THE LISTING  
REQUIREMENTS (*Cont'd*)**

**B13 Authorised for Issue**

The interim financial statements were authorised for issue by the Board of Directors in accordance with a resolution of the Directors on 29 February 2012.

By order of the Board of Directors

Ong Tze-En  
(MAICSA 7026537)  
Company Secretary  
29 February 2012