

IVORY PROPERTIES GROUP BERHAD (673211-M)
UNAUDITED INTERIM FINANCIAL REPORT
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2012
CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

	Unaudited As at 31.12.2012 RM'000	Audited As at 31.12.2011 RM'000
Assets		
Property, plant and equipment	58,146	49,983
Investment properties	53,520	49,719
Land held for property development	60,819	75,980
Intangible assets	587	613
Investment in associates	7,501	21,515
Investment in a jointly controlled entity	24,185	10,925
Deferred tax asset	157	322
Total non-current assets	204,915	209,057
Property development costs	222,772	102,404
Inventories	176,406	168,397
Current tax assets	495	668
Trade and other receivables	177,279	101,795
Cash and cash equivalents	57,892	24,722
Total current assets	634,844	397,986
Total assets	839,759	607,043
Equity		
Share capital	204,164	93,000
Share premium	-	20,766
Warrant reserve	27,900	-
Retained earnings	132,199	102,497
Equity attributable to owners of the Company	364,263	216,263
Non-controlling interests	275	(15)
Total equity	364,538	216,248
Liabilities		
Loans and borrowings	267,536	124,599
Deferred tax liabilities	25,609	10,179
Total non-current liabilities	293,145	134,778
Loans and borrowings	19,872	55,204
Trade and other payables	157,652	193,441
Current tax liabilities	4,552	7,372
Total current liabilities	182,076	256,017
Total liabilities	475,221	390,795
Total equity and liabilities	839,759	607,043
Net assets per share attributable to ordinary equity holders of the company (RM)	0.82**	1.16*

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

** Computed based on 445,527,027 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 2011 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 2012
CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME**

	Individual Quarter		Cumulative Quarter	
	Current Year Quarter 31.12.2012 RM'000	Preceding Year Corresponding Quarter 31.12.2011 RM'000	Current Year- To-Date 31.12.2012 RM'000	Preceding Year Corresponding Period 31.12.2011 RM'000
Revenue	92,019	(5,750)	211,773	132,543
Cost of sales	(64,739)	16,405	(160,280)	(76,982)
Gross profit	27,280	10,655	51,493	55,561
Other operating expenses	(22,241)	(10,918)	(58,603)	(42,126)
Other operating income	1,689	5,946	51,270	10,697
Results from operating activities	6,728	5,683	44,160	24,132
Finance costs	(2,785)	(2,518)	(11,135)	(6,927)
Share of profit/(loss) of equity accounted investees, net of tax				
- associates	(2,911)	4,223	3,166	13,888
- jointly controlled entity	(326)	(24)	(815)	(24)
Profit before tax	706	7,364	35,376	31,069
Tax expense	(1,010)	(1,677)	(2,900)	(6,620)
Profit for the period/ year	(304)	5,687	32,476	24,449
Other comprehensive income for the period, net of tax	-	-	-	-
Total comprehensive income for the period/ year	(304)	5,687	32,476	24,449
Profit attributable to:				
Owners of the Company	(427)	5,702	32,186	24,464
Non-controlling interests	123	(15)	290	(15)
	(304)	5,687	32,476	24,449
Total comprehensive income attributable to:				
Owners of the Company	(427)	5,702	32,186	24,464
Non-controlling interests	123	(15)	290	(15)
	(304)	5,687	32,476	24,449
Earnings per share attributable to the owners of the Company:				
Basic (sen)	(0.10)	3.06	8.83	13.15

Certain comparative figures have been restated to conform with the audited financial statements for financial year ended 31 December 2011.

The Condensed Consolidated Statement of Comprehensive Income should be read in conjunction with the Annual Financial Report for the financial year ended 31 December 2011 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 2012
CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY**

	Attributable to owners of the Company				Total RM'000	Non- controlling interests RM'000	Total equity RM'000
	Non-distributable		Distributable				
	Share capital RM'000	Share premium RM'000	Warrant reserve RM'000	Retained earnings RM'000			
Balance at 1 January 2012	93,000	20,766	-	102,497	216,263	(15)	216,248
Total comprehensive income for the year	-	-	-	32,186	32,186	290	32,476
Right issue *	93,000	9,300	-	-	102,300	-	102,300
Allocation of warrant reserve	(18,600)	(9,300)	27,900	-	-	-	-
Bonus issue *	23,250	(20,766)	-	(2,484)	-	-	-
Acquisition of associate *	13,514	2,162	-	-	15,676	-	15,676
Share issue expenses	-	(2,162)	-	-	(2,162)	-	(2,162)
Balance at 31 December 2012	204,164	-	27,900	132,199	364,263	275	364,538
Balance at 1 January 2011	93,000	20,766	-	78,033	191,799	-	191,799
Total comprehensive income for the period	-	-	-	24,464	24,464	(15)	24,449
Balance at 31 December 2011	93,000	20,766	-	102,497	216,263	(15)	216,248

* *By way of issuance of ordinary shares*

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 2011 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 2012
CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS

	Current Year-to-date 31.12.2012 RM'000	Preceding year corresponding period 31.12.2011 RM'000
<u>Cash flows from operating activities</u>		
Profit before tax	35,376	31,069
Adjustments for:-		
Amortisation of intangible assets	7,432	21
Depreciation of property, plant and equipment	5,476	4,575
Depreciation of investment properties	1,830	1,701
Finance income	(119)	(236)
Finance cost	11,135	6,927
Gain on disposal of property, plant and equipment	(664)	(217)
Gain on disposal of investment properties	(1,745)	(80)
Bargain purchase gain on acquisition of subsidiaries	(36,628)	(2,469)
Plant and equipment written off	501	47
Share of profit in associates, net of tax	(3,166)	(13,888)
Share of loss in a jointly controlled entity, net of tax	815	24
Unrealised profit from downstream sale to associates	(126)	(56)
Operating profit before changes in working capital	20,117	27,418
Change in property development cost	12,480	78,017
Change in inventories	(8,009)	(109,368)
Change in trade and other receivables	(8,859)	801
Change in trade and other payables	(41,238)	17,441
Cash used in operations	(25,509)	14,309
Tax paid	(12,818)	(7,332)
Net cash used in operating activities	(38,327)	6,977
<u>Cash flows from investing activities</u>		
Interest received	119	236
Investment in joint venture	(14,075)	(10,949)
Proceeds received from disposal of property, plant and equipment	1,170	219
Proceeds received from disposal of investment properties	3,025	500
Disposal of land held for future development	26,327	-
Addition to land held for property development	(18)	(11)
Purchase of investment properties	(6,912)	(3,644)
Purchase of property, plant and equipment	(14,507)	(12,048)
Placement of fixed deposit	-	(53)
Acquisition of subsidiaries, net of cash	(2,635)	(37,385)
Withdrawal of fixed deposit	708	
Net cash used in investing activities	(6,798)	(63,135)

IVORY PROPERTIES GROUP BERHAD (673211-M)

**UNAUDITED INTERIM FINANCIAL REPORT
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2012
CONDENSED CONSOLIDATED STATEMENT OF CASH
FLOWS (Cont'd)**

	Current Year-to-date 31.12.2012 RM'000	Preceding year Corresponding period 31.12.2011 RM'000
<u>Cash flows from financing activities</u>		
Interest paid	(11,135)	(6,927)
Proceeds from rights issue	102,300	-
Drawdown of loans	214,054	122,425
Repayment of finance lease liabilities	(3,010)	(206)
Repayment of term loans	(219,558)	(44,198)
Payment of share issue expenses	(2,162)	-
Net cash from financing activities	80,489	71,094
Net increase in cash and cash equivalents	35,364	14,936
Cash and cash equivalents at beginning of year	19,392	4,456
Cash and cash equivalents at end of year	54,756	19,392
Cash and cash equivalents comprise the following:-		
Cash and bank balances	3,278	19,621
Deposit with licensed banks (excluding deposit pledged)	53,307	3,086
Bank overdrafts	(1,829)	(3,315)
	54,756	19,392

The Condensed Consolidated Statement of Cash Flows should be read in conjunction with the Annual Financial Report for the financial year ended 31 December 2011 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 2012**

**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 2011 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 2011. 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 2011.

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 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 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*
- Amendments to FRS 7, Financial Instruments: Disclosures – Offsetting Financial Assets and Financial Liabilities
- Amendments to FRS 1, First-time Adoption of Financial Reporting Standards – Government Loans

IVORY PROPERTIES GROUP BERHAD (673211 – M)

**UNAUDITED INTERIM FINANCIAL REPORT
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2012**

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

**FRSs, Interpretations and amendments effective for annual periods beginning on or
after 1 January 2013 (cont’d)**

- Amendments to FRS 1, First-time Adoption of Financial Reporting Standards (Annual Improvements 2009-2011 Cycle)
- Amendments to FRS 101, Presentation of Financial Statements (Annual Improvements 2009-2011 Cycle)
- Amendments to FRS 116, Property, Plant and Equipment (Annual Improvements 2009-2011 Cycle)
- Amendments to FRS 132, Financial Instruments: Presentation (Annual Improvements 2009-2011 Cycle)
- Amendments to FRS 134, Interim Financial Reporting (Annual Improvements 2009-2011 Cycle)
- Amendments to FRS 10, Consolidated Financial Statements: Transition Guidance
- Amendments to FRS 11, Joint Arrangements: Transition Guidance
- Amendments to FRS 12, Disclosure of Interests in Other Entities: Transition Guidance

**FRSs, Interpretations and amendments effective for annual periods beginning on or after 1
January 2014**

- Amendments to FRS 132, Financial Instruments: Presentation – Offsetting Financial Assets and Financial Liabilities

**FRSs, Interpretations and amendments effective for annual periods beginning on or after 1
January 2015**

- FRS 9, Financial Instruments (2009)
- FRS 9, Financial Instruments (2010)
- Amendments to FRS 7, Financial Instruments: Disclosures – Mandatory Effective Date of FRS 9 and Transition Disclosures

The Group to apply those standards, amendments or interpretations that are effective for annual periods beginning on or after 1 January 2013 and 1 January 2013, except for those marked with “*” which are not applicable to the Group.

The initial application of the other standards, amendments and interpretations are not expected to have any material financial impacts on the financial statements of the Group.

The Group’s financial statements for annual period beginning on 1 January 2014 will be prepared in accordance with the Malaysian Financial Reporting Standards (MFRS) issued by MASB and International Financial Reporting Standards (IFRS). As a result, the Group will not be adopting FRSs, Interpretations and amendments that are effective for annual periods beginning on or after 1 January 2014.

IVORY PROPERTIES GROUP BERHAD (673211-M)

**UNAUDITED INTERIM FINANCIAL REPORT
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2012**

**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 2011.

A4 Seasonal or Cyclical Factors

The business operations of the Group for the current financial quarter have not been significantly affected by 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 on the current financial quarter’s results.

A7 Debt and Equity Securities

There were no issuances, 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 for the current financial quarter.

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 2012

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.

	Property development and management RM '000	Construction contracts RM '000	Food and beverage RM '000	Investment holding and Others RM '000	Total RM '000
For the financial year ended 31 December 2012					
External revenue	151,336	47,226	11,152	2,059	211,773
Inter-segment revenue	3,375	37,872	-	5,427	46,674
Segment profit/ (loss)	39,056	2,362	1,103	(7,145)	35,376
Segment assets (excluding associates and joint venture)	564,619	191,148	17,261	35,045	808,073
For the financial year ended 31 December 2011					
External revenue	52,635	71,673	7,876	359	132,543
Inter-segment revenue	4,334	6,053	-	14,932	25,319
Segment profit/ (loss)	29,760	1,400	(2,819)	2,728	31,069
Segment assets (excluding associates)	261,380	228,149	10,411	74,663	574,603

IVORY PROPERTIES GROUP BERHAD (673211-M)

UNAUDITED INTERIM FINANCIAL REPORT FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2012

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 2012 to 19 February 2013 (the latest practicable date which is not earlier than 7 days from the date of issue of this quarterly report).

A11 Changes in the Composition of the Group

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

- (i) The Company had on 2 April 2012 completed its acquisition of the remaining 51% equity interest in Ivory Villas Sdn Bhd (“IVSB”). Following this, IVSB became a wholly-owned subsidiary of the Company.
- (ii) The Company had on 21 June 2012 reduced its equity interest in Ivory Residence Sdn Bhd (“IRSB”) from 100% to 51% (“Divestment”). The Divestment was effected through renunciation of rights to take up 49% of new shares allotted by IRSB.
- (iii) The Company had on 4 October 2012 acquired the entire equity interest in TTG Holdings Sdn Bhd (“TTGH”) from Ivory Associates Sdn. Bhd., a wholly-owned subsidiary of the Company for a total cash consideration of RM34, in line with the proposed corporate restructuring of the Group. Following this acquisition, TTGH will be a wholly-owned subsidiary of the Company.

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 material capital commitments as at 31 December 2012 are as follows:-

	RM’000
Contracted but not provided for:-	
- Purchase of property, plant & equipment	1,218
- Purchase of development land	67,900
- Purchase of development land pursuant to the Purchase & Development Agreement dated 11 November 2011	950,190
	<hr/> 1,019,308

IVORY PROPERTIES GROUP BERHAD (673211-M)

**UNAUDITED INTERIM FINANCIAL REPORT
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2012**

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

A14 Capital Expenditure

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

IVORY PROPERTIES GROUP BERHAD (673211-M)

**UNAUDITED INTERIM FINANCIAL REPORT
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2012**

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

B1 Review of Performance

	Current Year Quarter 31.12.2012 RM'000	Immediate Preceding Quarter 30.09.2012 RM'000	Preceding Year Corresponding Quarter 31.12.2011 RM'000	Current Year-To- Date 31.12.2012 RM'000	Preceding Year Corresponding Period 31.12.2011 RM'000
Revenue					
- Property development and management	71,672	33,457	(32,791)	151,336	52,635
- Construction contracts	15,778	8,887	25,945	47,226	71,673
- Food and beverage	4,519	5,722	805	11,152	7,876
- Investment holding and Others	50	391	291	2,059	359
Total	92,019	48,457	(5,750)	211,773	132,543
Profit/(Loss) before tax					
- Property development and management	1,619	1,544	8,947	39,056	29,760
- Construction contracts	1,084	938	1,118	2,362	1,400
- Food and beverage	706	998	(747)	1,103	(2,819)
- Investment holding and Others	(2,703)	(1,220)	(1,954)	(7,145)	2,728
Total	706	2,260	7,364	35,376	31,069

Comparison between current year quarter and preceding year corresponding quarter

Revenue:

The Group recorded revenue of RM92 million for current financial quarter as compared to negative revenue of RM5.8 million in the preceding year's corresponding quarter.

On the segmental results, the revenue for the property development and management segment was mainly derived from The Peak and The Latitude projects. There were also revenue arising from the disposal of Behrang River Estate land for RM38 million, which saw its early completion in November 2012 instead of the expected completion date of mid 2013, as well as the sale of Moonlight Bay completed units. The negative revenue in preceding years corresponding quarter was mainly due to the reversal of en bloc sales in Penang Times Square Phase 2.

The increase in food and beverage segment was due to the revenue contributed by the Soju Room.

IVORY PROPERTIES GROUP BERHAD (673211-M)

**UNAUDITED INTERIM FINANCIAL REPORT
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2012**

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

B1 Review of Performance (Cont'd)

Profit before Tax:

The current year quarter ended 31 December 2012 recorded profit before tax of RM0.8 million compared to RM7.4 million in the preceding year's corresponding quarter ended 31 December 2011.

A lower profit before tax in the current quarter was due to the increase in operating expenses in respect of overhead arising from acquisition of Ivory Villas Sdn. Bhd. ("IVSB") followed by the full-force operation of the all-new Soju Room. Other contributing factors are professional fees, stamp duty and facility fees related to bridging loans granted for new development projects and loan refinancing.

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

The Group recorded revenue of RM92 million for the current financial quarter as compared to the revenue of RM48.5 million in the immediate preceding quarter. The Group recorded profit before tax of RM0.7 million for the current financial quarter as compared to RM2.3 million for the immediate preceding quarter ended 30 September 2012.

The current financial quarter's revenue was mainly contributed by revenue generated from the property development and management, and food and beverage segments as explained in Note B1. The marginal profit before tax was due to the high operating expenses during the current quarter.

B3 Prospects for the next financial year

Moving forward, the Group will continue developing projects that have started in financial year 2012, namely, The Peak Residences and The Latitude project, the second phase development next to The Peak Residences, that is developed by IVSB. In addition, the development works for The Wave project and City Residence and City Mall projects will commence in second quarter of 2013. These will gradually generate more revenue as well as profit for the Group in financial year 2013.

Barring unforeseen circumstances, the Board of Directors expects its business prospects for the financial year ending 31 December 2013 to be favourable.

IVORY PROPERTIES GROUP BERHAD (673211-M)

**UNAUDITED INTERIM FINANCIAL REPORT
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2012**

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

B4 Variance between Actual Profit and Forecast Profit

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

B5 Taxation

The taxation for the Group comprised of the following:-

	Individual Period		Cumulative Period	
	Current Quarter 31.12.2012 RM'000	Preceding Year Corresponding Quarter 31.12.2011 RM'000	Current Year- to-Date 31.12.2012 RM'000	Preceding Year Corresponding Period 31.12.2011 RM'000
Current income tax				
Malaysian - Current year	2,007	1,141	4,162	6,070
- Prior year	45	795	485	795
Deferred taxation	(1,042)	(259)	(1,747)	(245)
	1,010	1,677	2,900	6,620

The effective tax rate (excluding share of profit/(loss) from associate companies and joint controlled entity) for the current quarter was higher than the statutory tax rate mainly due to certain non-deductible expenses being not deductible for tax purpose.

The effective tax rate (excluding share of profit/(loss) from associate companies and joint controlled entity) for the financial year-to-date was lower than the statutory tax rate mainly due to fair value gain and negative goodwill recognition which were not subject to tax.

B6 Status of Corporate Proposals

B6.1 Proposed Purchase and Development Agreement (“PDA”), Proposed Joint Venture, Proposed Rights Issue, Proposed Bonus Issue, Proposed Provision of Financial Assistance, Proposed Increase in Authorised Share Capital, Proposed Amendments to the Memorandum & Articles of Association and Proposed Acquisition of IVSB (“Proposals”)

Following the listing of the followings on 2 May 2012, the Proposals are deemed completed.

- 186,000,000 new ordinary shares of RM0.50 each (“new Ivory Shares”) and 186,000,000 free detachable Warrants pursuant to the Rights Issue; and
- 46,500,000 new Ivory Shares pursuant to the Bonus Issue.

Accordingly, there were no other corporate proposals that have been announced but not yet completed during the current financial quarter and financial year-to-date under review.

IVORY PROPERTIES GROUP BERHAD (673211-M)

**UNAUDITED INTERIM FINANCIAL REPORT
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2012**

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

B6 Status of Corporate Proposals (Cont'd)

B6.2 Status of Utilisation of Proceeds

The proceeds of RM102.3 million from the Rights Issue has been utilized in the following manner as at the latest practicable date of this report:-

Purpose	Expected Timeframe for Utilization of Proceed from Rights Issue	Proposed Utilisation RM'000	Actual Utilisation RM'000	Balance RM'000
(i) PDA	12 months	25,000	25,000	-
(ii) Working capital	12 months	39,300	39,300	-
(iii) Acquisition of IVSB	3 months	20,000	20,000	-
(iv) Repayment of bank borrowings	6 months	15,000	15,000	-
(v) Estimated expenses related to Corporate Exercises	6 months	3,000	3,000	-
Total		102,300	102,300	-

B7 Borrowings and Debt Securities

Details of the Group's borrowings as at 31 December 2012 are as follows:-

	Secured RM'000
<i>Long Term Borrowings</i>	
Term Loans & Bridging Loans	265,156
Hire purchase	2,380
	<hr/>
	267,536
<i>Short Term Borrowings</i>	
Term Loans & Bridging Loans	15,384
Hire purchase	2,659
Overdrafts	1,829
	<hr/>
	19,872
Total	<hr/> 287,408

The Group has no foreign currency borrowings.

IVORY PROPERTIES GROUP BERHAD (673211-M)

**UNAUDITED INTERIM FINANCIAL REPORT
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2012**

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

B8 Material Litigation

As at 26 February 2013, the Group is not engaged in any material litigation except for the following:-

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

Ivory Indah Sdn Bhd (“IISB”) vs Krishna Kumar S/O T.N. Sharma

IISB has filed this case in its capacity as plaintiff against, Krishna Kumar S/O T.N. Sharma (“the Defendant”), 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 (“the 1272 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 1272 Land. The Defendant is counterclaiming to declare the agreements for the sale and purchase of the 1272 Land as null and void and to claim for loss of profit.

IISB has filed for Summary Judgement to enforce the contract specifically. On 19 September 2011, the Penang High Court gave judgement and ordered Specific Performance of the agreements dated 6 August 2007 and 30 January 2008 in favor of IISB.

The Appeal by the Defendant was heard on 2 February 2012 and the Court of Appeal had struck out the Appeal.

Accordingly, IISB is currently in the process of following through the completion of the Sale and Purchase Agreement. The next hearing date for the completion matter has been fixed at 14 March 2013.

B9 Dividend

No interim ordinary dividend has been declared for the financial year ended 31 December 2012.

IVORY PROPERTIES GROUP BERHAD (673211 – M)

**UNAUDITED INTERIM FINANCIAL REPORT
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2012**

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

B10 Earnings per Share

B10.1 Basic Earnings per Share

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

	Individual Period		Cumulative period	
	Current Quarter 31.12.2012	Preceding Year Corresponding Quarter 31.12.2011	Current Year-to-Date 31.12.2012	Preceding Year Corresponding Period 31.12.2011
Profit attributable to owners of the Company (RM'000)	(427)	5,702	32,186	24,464
Weighted average number of ordinary shares in issue ('000)	445,527	186,000	364,188	186,000
Basic (loss)/earnings per share (sen)	(0.10)	3.06	8.83	13.15

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.

B10.2 Diluted Earnings per Share

The Warrants 2012/2017 are anti-dilutive and hence the calculation of diluted earnings per share for the financial period does not assume the exercise of the Warrants 2012/2017.

IVORY PROPERTIES GROUP BERHAD (673211-M)

**UNAUDITED INTERIM FINANCIAL REPORT
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2012**

**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 31.12.2012 RM'000	Preceding Year Corresponding Quarter 31.12.2011 RM'000	Current Year-to-Date 31.12.2012 RM'000	Preceding Year Corresponding Period 31.12.2011 RM'000
Profit/(Loss) before tax is arrived at after charging :				
Depreciation of property, plant and equipment	1,616	1,234	5,476	4,575
Depreciation of investment properties	459	430	1,830	1,701
Plant and equipment written off	351	17	512	47
Amortisation of intangible assets	10	5	26	21
Amortisation of goodwill	4,048	-	7,406	-
Interest expense	2,785	2,518	11,135	6,927
and after crediting :				
Interest income	11	158	119	236
Rental income	1,806	985	6,727	2,354
Gain on disposal of property, plant and equipment	109	(7)	664	217
Gain on disposal of investment properties	-	80	1,745	80
Bargain purchase gain on acquisition of subsidiary	36,628	-	-	-

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 financial quarter and financial period to-date.

IVORY PROPERTIES GROUP BERHAD (673211-M)

**UNAUDITED INTERIM FINANCIAL REPORT
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2012**

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

B12 Realised and Unrealised Profits

The breakdown of the retained earnings of the Group and of the Company as at the 31 December 2012, into realised and unrealised profits, pursuant to the Paragraphs 2.06 and 2.23 of Bursa Malaysia Main Market Listing Requirements are as follows:

	As at 31.12.12 RM'000	As at 31.12.11 RM'000
Total retained earnings of Ivory Properties Group Berhad and its subsidiaries:		
- Realised gain	219,330	168,198
- Unrealised loss	(27,155)	(9,858)
	<u>192,175</u>	<u>158,340</u>
Share of retained earnings of associates:		
- Realised gain	7,287	19,380
- Unrealised loss	^	(4)
	<u>7,287</u>	<u>19,376</u>
Share of retained earnings of joint controlled entity:		
- Realised loss	(840)	(24)
	<u>198,622</u>	<u>177,692</u>
Less: Consolidated adjustments	(66,423)	(75,195)
Total retained earnings at 31 December	<u>132,199</u>	<u>102,497</u>

^ - Denotes RM421

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 26 February 2013.

By order of the Board of Directors

Tai Yit Chan (MAICSA 7009143)
Ong Tze-En (MAICSA 7026537)
Company Secretaries

26 February 2013