

Interim Financial Statements for the Fourth Quarter Ended 31 December 2010

Condensed Consolidated Statements of Comprehensive Income for the Fourth Quarter Ended 31 December 2010

(Unaudited)

	INDIVIDUAL QUARTER		CUMULATIVE QUARTER	
	Current Year Quarter <u>31/12/2010</u> RM'000	Preceding Year Corresponding Quarter <u>31/12/2009</u> RM'000	Current Year To-Date <u>31/12/2010</u> RM'000	Preceding Year Corresponding Period <u>31/12/2009</u> RM'000
Revenue	142,906	173,105	652,546	698,913
Operating expenses	(142,149)	(169,778)	(651,851)	(689,565)
Other operating income	868	6,704	9,816	12,900
Profit from operations	1,625	10,031	10,511	22,248
Finance costs	(785)	(569)	(2,692)	(2,673)
Reversal of impairment loss in associates	-	2	-	2
Negative goodwill	2,168	1,865	2,168	1,865
Profit before taxation	3,008	11,329	9,987	21,442
Taxation	(539)	(2,008)	(4,069)	(5,947)
Profit after taxation	2,469	9,321	5,918	15,495
Other comprehensive income				
Available-for-sale financial assets	(8)	-	(74)	-
Currency translation differences	26	-	(37)	-
Other comprehensive income, net of tax	18	-	(111)	-
Total comprehensive income	2,487	9,321	5,807	15,495
Profit for the period attributable to:				
Minority interests	(73)	630	319	493
Owners of the parent	2,542	8,691	5,599	15,002
	2,469	9,321	5,918	15,495
Total comprehensive income for the period attributable to:				
Minority interests	(72)	630	327	493
Owners of the parent	2,559	8,691	5,480	15,002
	2,487	9,321	5,807	15,495
Earnings per share attributable to owners of the parent				
- Basic (sen)	3.51	11.99	7.73	20.70
- Diluted, sen	Not applicable	Not applicable	Not applicable	Not applicable

The Condensed Consolidated Income Statements should be read in conjunction with the Annual Financial Statements for the year ended 31 December 2009.

Interim Financial Statements for the Fourth Quarter Ended 31 December 2010

Condensed Consolidated Statements of Financial Position as at 31 December 2010

	AS AT END OF CURRENT QUARTER <u>31/12/2010</u> Unaudited RM'000	AS AT PRECEDING FINANCIAL YEAR END <u>31/12/2009</u> Audited RM'000 (restated)
Non-current Assets		
Property, plant and equipment	51,309	52,089
Investment properties	33,286	15,909
Investments in associated companies	7	7
Other investments	1,510	1,566
Goodwill	819	819
Deferred tax assets	943	1,033
	<u>87,874</u>	<u>71,423</u>
Current Assets		
Development Expenditure	7,513	7,488
Inventories	27,876	22,145
Trade and other receivables	201,212	197,379
Taxation recoverable	1,278	883
Short term investments	5,223	5,223
Cash and cash equivalents	21,619	21,376
	<u>264,721</u>	<u>254,494</u>
Current Liabilities		
Trade and other payables	126,067	106,695
Overdraft and short term borrowings	61,555	49,312
Taxation	371	1,722
	<u>187,993</u>	<u>157,729</u>
NET CURRENT ASSETS	<u>76,728</u>	<u>96,765</u>
	<u>164,602</u>	<u>168,188</u>
FINANCED BY:		
Total Equity		
Share capital	72,469	72,469
Share premium	3,457	3,457
Reserves	66,710	63,936
Equity attributable to owners of the parent	142,636	139,862
Minority interests	10,120	12,046
	<u>152,756</u>	<u>151,908</u>
Non-current Liabilities		
Commercial Papers	10,000	15,000
Other deferred liabilities	1,644	1,097
Deferred tax liabilities	202	183
	<u>11,846</u>	<u>16,280</u>
	<u>164,602</u>	<u>168,188</u>

The Condensed Consolidated Balance Sheets should be read in conjunction with the Annual Financial Statements for the year ended 31 December 2009.

Interim Financial Statements for the Fourth Quarter Ended 31 December 2010

Condensed Consolidated Statements of Changes in Equity for the Fourth Quarter Ended 31 December 2010

(Unaudited)

	← Attributable to Owners of the Parent →					Minority Interest	Total Equity
	← Non-Distributable		▶ Distributable				
	Share Capital	Share Premium	Other Reserves	Retained Profits	Total		
RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	
12 months ended							
<u>31 December 2010</u>							
Balance at 1 January 2010	72,469	3,457	434	63,502	139,862	12,046	151,908
Effects of adopting FRS 139	-	-	-	12	12	6	18
Balance at 1 January 2010 (restated)	72,469	3,457	434	63,514	139,874	12,052	151,926
Additional investment in a subsidiary	-	-	-	-	-	(2,549)	(2,549)
Total comprehensive income for the period	-	-	(119)	5,599	5,480	327	5,807
Issue of share capital to minority shareholders of	-	-	-	-	-	290	290
Dividends paid to owners of the Parent	-	-	-	(2,718)	(2,718)	-	(2,718)
Balance at end of the financial period	72,469	3,457	315	66,395	142,636	10,120	152,756
12 months ended							
<u>31 December 2009</u>							
Balance at 1 January 2009	72,469	3,457	305	50,131	126,362	13,870	140,232
Additional investment in a subsidiary	-	-	-	-	-	(2,227)	(2,227)
Total comprehensive income for the period	-	-	129	15,002	15,131	493	15,624
Dividends paid to owners of the Parent	-	-	-	(1,631)	(1,631)	-	(1,631)
Dividends paid to minority interest of a subsidiary	-	-	-	-	-	(90)	(90)
Balance at end of the financial period	72,469	3,457	434	63,502	139,862	12,046	151,908

The Condensed Consolidated Statements of Changes in Equity should be read in conjunction with the Annual Financial Statements for the year ended 31 December 2009.

Interim Financial Statements for the Fourth Quarter Ended 31 December 2010

Condensed Consolidated Statements of Cash Flows for the Fourth Quarter Ended 31 December 2010
(Unaudited)

	1.1.2010 to <u>31.12.2010</u> RM'000	1.1.2009 to <u>31.12.2009</u> RM'000
Cash flows from operating activities		
Profit before taxation	9,987	21,442
Adjustments for:-		
Non-cash items	902	1,382
Non-operating items	<u>(1,089)</u>	<u>(874)</u>
Operating profit before working capital changes	9,800	21,950
Net change in current assets	(9,588)	12,482
Net change in current liabilities	<u>19,382</u>	<u>(9,641)</u>
Cash flows generated from operations	19,594	24,791
Taxation paid	<u>(5,707)</u>	<u>(6,999)</u>
Net cash generated from operating activities	<u>13,887</u>	<u>17,792</u>
Cash flows used in investing activities		
Equity investments	(87)	1,516
Other investments	<u>(16,983)</u>	<u>(2,020)</u>
Net cash used in investing activities	<u>(17,070)</u>	<u>(504)</u>
Cash flows from financing activities		
Transfer to debt service reserve account	(8)	(9)
Dividends paid	(2,718)	(1,631)
Dividends paid to minority shareholders in subsidiary companies	-	(90)
Repayment of commercial papers	(5,000)	(5,000)
Repayment of term loan	(200)	(189)
Repayment of hire purchase financing	(967)	(1,071)
Short term bank borrowings	<u>10,990</u>	<u>1,535</u>
Net cash generated from financing activities	<u>2,097</u>	<u>(6,455)</u>
Net increase in cash and cash equivalents	(1,086)	10,833
Cash and cash equivalents at beginning of financial period	16,982	6,149
Cash and cash equivalents at end of financial period	<u>15,896</u>	<u>16,982</u>

Cash and cash equivalent at the end of the financial period comprise of:

	<u>As at 31.12.2010</u> RM'000	<u>As at 31.12.2009</u> RM'000
Cash and bank balances	21,182	20,947
Bank overdrafts	<u>(5,286)</u>	<u>(3,965)</u>
	<u>15,896</u>	<u>16,982</u>

The Condensed Consolidated Cash Flow Statements should be read in conjunction with the Annual Financial Statements for the year ended 31 December 2009.

A EXPLANATORY NOTES AS PER FRS 134

A1. Accounting Policies

The interim financial statements are unaudited and have been prepared in accordance with FRS 134: Interim Financial Reporting and paragraph 9.22 of the Listing Requirements of Bursa Malaysia Securities Berhad, and should be read in conjunction with the audited financial statements for the year ended 31 December 2009.

The accounting policies and methods of computation applied in the interim financial statements are consistent with those adopted in the most recent annual financial statements except for the adoption of the following accounting standards, amendments and interpretations issued by the Malaysian Accounting Standards Board (“MASB”) effective for the Group’s financial period beginning on 1 January 2010.

- FRS 4 Insurance Contracts
- FRS 7 Financial Instruments: Disclosures
- FRS 8 Operating Segments
- Revised FRS 101 Presentation of Financial Statements
- Revised FRS 123 Borrowing Cost
- Revised FRS 139 Financial Instruments: Recognition and Measurement
- Amendments to FRS 1 and FRS 127 Cost of an Investment in a Subsidiary, Jointly Controlled Entity or Associate
- Amendments to FRS 132 Financial Instruments: Presentation
- Amendments to FRS 7, FRS 139 and IC Interpretation 9
- IC Interpretation 9 Reassessment of Embedded Derivatives
- IC Interpretation 10 Interim Financial Reporting and Impairment
- Amendments to FRS 117 Leases
- Annual Improvements to FRSs

The adoption of the above mentioned accounting standards, amendments and interpretations does not have any significant impact on the Group results for the period under review except as follows:

a) FRS 4: Insurance Contracts

The Group considers financial guarantee contracts entered into to be insurance arrangements and accounts for them under FRS 4. In this respect, the Group treats the guarantee contract as a contingent liability until such a time as it becomes probable that the Group will be required to make a payment under the guarantee. The adoption of FRS 4 has no material impact on the financial statements of the Group.

b) FRS 8: Operating Segments

FRS 8 replaces FRS 114₂₀₀₄ Segment Reporting and requires a “management approach”, under which segment information is presented on the same basis as that used for internal reporting purposes. The Group concluded that the reportable operating segments determined in accordance with FRS 8 are the same as the business segments previously identified under FRS 114. The adoption of this standard only impacts the form and content of disclosures presented in the financial statements of the Group and has no material impact on the financial statements of the Group.

c) Revised FRS 101: Presentation of Financial Statements

The revised FRS 101 (2009) introduced changes to terminology, format and content of the financial statements. Components of interim financial statements now consist of a statement of financial position, a statement of comprehensive income, a statement of changes in equity, a statement of cash flows and notes to the financial statements. The revised FRS also requires all changes in equity arising from transactions with owners in their capacity as owners to be presented separately from non-owners changes in equity. All owner changes in equity are presented in a statement of changes in equity while non-owner changes in equity are required to be presented in the statement of comprehensive income. Components of comprehensive income are not permitted to be presented in the statement of changes in equity. The adoption of this revised standard will only impact the form and content of the presentation of the Group's financial statements.

d) Revised FRS 139: Financial Instruments: Recognition and Measurement

FRS 139 establishes the principles for the recognition and measurement of financial assets and financial liabilities including circumstances under which hedge accounting is permitted. The Group adopted FRS 139 prospectively on 1 January 2010 and in accordance with the transitional provisions, the effects arising from the adoption of this standard has been accounted for as an adjustment to the opening balance of retained earnings as at 1 January 2010. Retrospective application is not permitted and hence comparatives are not restated. The adoption of FRS 139 has further resulted in the changes to accounting policies as follows;

(i) Financial assets

Financial assets are classified as either financial assets at fair value through profit or loss, financial assets held-to-maturity, loans and receivables or financial assets available-for-sale. When financial assets are recognised initially, they are measured at fair value, plus, in the case of financial assets not at fair value through profit or loss, directly attributable transaction costs. The Group determines the classification of its financial assets after initial recognition and, where allowed and appropriate, re-evaluates this designation at each financial year-end.

Investment in marketable securities. Prior to 1 January 2010, the Group classified its investments in marketable securities as non-current investments which were carried at cost less impairment loss, if any. With the adoption of FRS139, these investments are now classified as financial assets available-for-sale and measured at fair value. The difference between the carrying value of the Group's investment in marketable securities and the fair value, amounting to approximately RM17,000 has been recognised as fair value gain, and adjusted against the opening balance of retained earnings as at 1 January 2010 on adoption of FRS139. The subsequent changes in fair value of these financial assets have been recognised directly in the Consolidated Statement of Comprehensive Income as Available-For-Sale Reserves.

Trade and other receivables. Prior to the adoption of FRS 139, an allowance for doubtful debts was made when a receivable is considered irrecoverable by the management. With the adoption of FRS 139, an impairment loss is recognised for trade and other receivables and is measured as the difference between the asset's carrying amount and the present value of estimated future cash flows discounted using the effective interest method.

(ii) Financial liabilities

Financial liabilities are classified as either financial liabilities at fair value through profit or loss or financial liabilities at amortised cost using the effective interest method. Financial liabilities at fair value are held for trading if the financial liabilities are incurred with the intention of repurchasing them in the near term or derivative financial liabilities unless they are designated and effective hedging instrument.

e) Amendment to FRS 117: Leases

Prior to the adoption of the Amendment to FRS 117, leasehold lands were treated as operating leases and presented as prepaid land lease payments in the statement of financial position. With the adoption of the Amendment to FRS 117, the classification of leasehold land as a finance lease or an operating lease is based on the extent to which risks and rewards incident to ownership of the leased asset lie. A lease is recognised as a finance lease if it transfers substantially to the Group all the risks and rewards incidental to ownership. The Group determined that leasehold land are in substance a finance lease and has reclassified them from prepaid land lease payments to property, plant and equipment in the current financial period and measured as such retrospectively.

A2. Audit Report

The audit report of the most recent annual financial statements was not subject to any qualification.

A3. Seasonal Or Cyclical Factors

There is no major seasonality or cyclicity in the Group's operations.

A4. Unusual Items

There were no unusual items affecting the assets, liabilities, equity, net income or cash flows of the Group during the current interim period.

A5. Changes In Estimates

There were no changes in estimates of amounts reported in prior financial years that have a material effect in the current interim period.

A6. Debt And Equity Securities

There were no share buy-backs, share cancellations, shares held as treasury shares and resale of treasury shares for the current interim period.

A7. Payment Of Dividend

A first and final dividend of 5.0 sen per share less income tax at 25% on ordinary shares of RM1.00 each amounting to RM2,717,606 in respect of the financial year ended 31 December 2009 was paid on 20 August 2010.

A8. Segmental Reporting

As at 31 December 2010

	Trading	Contract	Manufacture	Property Development	Property and Investment Holding	Others	Total
	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
Revenue	603,142	41,526	6,277	-	1,601	-	652,546
Profit/(Loss) from Operations	12,425	(1,660)	(1,317)	(82)	1,591	(446)	10,511
Finance costs							(2,692)
Negative goodwill							2,168
Profit before taxation							9,987
Income tax expenses							(4,069)
Profit after taxation							5,918

A9. Property, Plant And Equipment

Property, plant and equipment, other than freehold land are stated at cost less accumulated depreciation and any impairment losses. Freehold land is stated at cost less any impairment and is not depreciated.

A10. Material Subsequent Events

There are no material events subsequent to the end of the current interim period that have not been reflected in these interim financial statements.

A11. Changes In Composition Of The Group

(a) On 29 January 2010, Ip Muda Berhad ("the Company") acquired a 100.00% equity interest in Ip Muda Hias Sdn Bhd ("Ip Muda Hias") comprising two (2) ordinary shares of RM1.00 each fully paid at par for a purchase consideration of RM2.00. Ip Muda Hias was incorporated on 27 January 2010 and its principal activities are providing interior fit-out works and services.

(b) On 5 April 2010, the Company acquired a 100.00% equity interest in Ip Muda Bina Sdn Bhd ("Ip Muda Bina") comprising two (2) ordinary shares of RM1.00 each fully paid at par for a purchase consideration of RM2.00. Ip Muda Bina was incorporated on 1 April 2010 and is principally engaged in civil engineering works and construction.

On 9 September 2010, the Company subscribed for 209,998 new ordinary shares of RM1.00 each in the capital of Ip Muda Bina for a total consideration of RM209,998, representing 70% of the enlarged share capital of Ip Muda Bina.

(c) On 30 August 2010, the Company acquired a 100.00% equity interest in Ip Muda Borneo Sdn Bhd ("Ip Muda Borneo") comprising two (2) ordinary shares of RM1.00 each fully paid at par for a purchase consideration of RM2.00. Ip Muda Borneo was incorporated on 27 August 2010 and its principal activity is trading in building materials in Sabah.

On 29 September 2010, the Company subscribed for 799,998 new ordinary shares of RM1.00 each in the capital of Ip Muda Borneo for a total consideration of RM799,998 representing 80% of the enlarged share capital of Ip Muda Borneo.

(d) On 23 December 2010, Ip Muda Berhad increased its shareholding in its subsidiary, Eager Vest Sdn Bhd ("Eager Vest") by 16.67% to 78.75% with an acquisition of 200,000 shares for a consideration of RM380,000. The principal activity of Eager Vest is investment holding which currently owns 20% shareholding in five of Ip Muda's subsidiaries.

The acquisition has no material effect on the earnings or net tangible assets of the Ip Muda Group for the current financial period except for a negative goodwill of RM2.17 million.

Other than the above, there were no changes in the composition of the Group for the current financial year to date.

A12. Contingent Liabilities

There are no material changes in contingent liabilities and contingent assets since the last annual balance sheet date.

B. ADDITIONAL INFORMATION REQUIRED BY BMSB'S LISTING REQUIREMENTS

B1. Review Of Performance

The Group registered a turnover of RM653 million with a pre-tax profit of RM10 million for the year ended 31 December 2010. Against last year, turnover and pre-tax profit dropped by 6.6% and 53.4% respectively. The lower pre-tax profit was due mainly to decreased turnover, lower gross margins and higher impairment losses in trade receivables arising from the adoption of FRS 139.

B2. Comparison With Preceding Quarter's Result

The Group current quarter's pre-tax profit of RM3.0 million was a decrease of 8% compared to the preceding quarter's pre-tax profit of RM3.3 million. The reduced pre-tax profit was due mainly to decreased turnover, lower interest income and higher impairment losses in trade receivables.

B3. Current Year Prospects

Barring any unforeseen circumstances the Group expects its operations to remain stable.

B4. Variances From Profit Forecast And Profit Guarantee

The company did not make a profit forecast and therefore comments on variances with forecast profit are not applicable.

B5. Taxation

Taxation comprises the following:

	Individual Quarter <u>31/12/2010</u> RM'000	Cumulative Quarter <u>31/12/2010</u> RM'000
Malaysian income tax:		
Current year tax	232	3,432
Prior year tax	(29)	528
Deferred taxation	336	109
Total income tax expense	<u>539</u>	<u>4,069</u>

B6. Sale Of Investments And Properties

There is no material gain or loss from disposal of investments or properties for the period under review.

B7. Purchase Or Disposal Of Quoted Securities

- a) There is no purchase or disposal of quoted securities for the current interim period.
b) Total investments in quoted shares as at 31 December 2010 are as below:

	<u>RM'000</u>
(i) At cost	7,289
(ii) At carrying value	899
(iii) At market value	899

B8. Status Of Corporate Proposals

There is no uncompleted corporate announcement as at the date of this report.

B9. Group Borrowings And Debt Securities

The group borrowings and debt securities which are denominated in Ringgit Malaysia as at 31 December 2010 are as below:

	<u>RM'000</u>
Secured	6,134
Unsecured	55,421
Total short term borrowings	<u>61,555</u>
Secured long term borrowings	<u>10,000</u>
Total borrowings	<u><u>71,555</u></u>

B10. Off Balance Sheet Financial Instruments

There are no financial instruments with off balance sheet risk as at the date of this report.

B11. Material Litigation

There is no pending material litigation as at the date of this report.

B12. Dividend

The Directors propose a first and final dividend of 3.0 sen per ordinary shares less income tax at 25% for the financial year ended 31 December 2010 (2009: 5.0 sen less income tax at 25%). The proposed dividend is subject to the approval of the shareholders at an Annual General Meeting to be held on a date to be announced later.

B13. Earnings Per Share

The basic earnings per share for the financial period have been calculated by dividing the Group's earnings by the weighted average number of ordinary shares issued.

	Individual Quarter		Cumulative Quarter	
	<u>31/12/2010</u>	<u>31/12/2009</u>	<u>31/12/2010</u>	<u>31/12/2009</u>
Profit attributable to owners of the parent (RM'000)	2,542	8,691	5,599	15,002
Weighted average number of shares outstanding ('000)	72,469	72,469	72,469	72,469
Basic earnings per share (sen)	3.51	11.99	7.73	20.70

BY ORDER OF THE BOARD

Chan Lai Choon

Secretary

Kuala Lumpur

25 February 2011