



IBRACO BERHAD (011286-P)
(Incorporated in Malaysia)

CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

For the six-month period ended 30 June 2016

(The figures have not been audited)

	Note	Current Quarter 3 months ended 30 June		Cumulative Quarter 6 months ended 30 June	
		2016 RM'000	2015 RM'000	2016 RM'000	2015 RM'000
Revenue		60,686	52,149	99,691	109,329
Cost of sales		(39,990)	(36,788)	(62,792)	(74,003)
Gross profit		20,696	15,361	36,899	35,326
Other income		516	262	794	427
Administrative expenses		(2,922)	(3,420)	(5,888)	(6,218)
Selling and marketing expenses		(39)	(93)	(158)	(205)
Finance costs		(1,325)	(796)	(2,719)	(1,398)
Profit before tax	22	16,926	11,314	28,928	27,932
Income tax expense	25	(4,164)	(2,909)	(7,319)	(6,871)
Profit for the period		12,762	8,405	21,609	21,061
Other comprehensive income		-	-	-	-
Total comprehensive income for the period		12,762	8,405	21,609	21,061
Profit for the period attributable to :					
Owners of the parent		11,355	7,643	19,447	18,198
Non-controlling interests		1,407	762	2,162	2,863
		12,762	8,405	21,609	21,061
Total comprehensive income attributable to :					
Owners of the parent		11,355	7,643	19,447	18,198
Non-controlling interests		1,407	762	2,162	2,863
		12,762	8,405	21,609	21,061



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CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME (contd.)

For the six-month period ended 30 June 2016

(The figures have not been audited)

Earnings Per Share
attributable to owners of
the parent:

Basic, for profit for the period (Sen)	30	2.29	1.90	3.92	4.52
Diluted, for profit for the period (Sen)	30	2.29	1.90	3.92	4.52

The condensed consolidated statement of comprehensive income should be read in conjunction with the audited financial statements for the year ended 31 December 2015 and the accompanying explanatory notes attached to the interim financial statements.



IBRACO BERHAD (011286-P)
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CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at 30 June 2016 and 31 December 2015

	Note	Unaudited As at 30 June 2016 RM'000	Audited As at 31 December 2015 RM'000
ASSETS			
Property, plant & equipment		7,520	8,125
Land held for property development		193,300	193,209
Investment property		51,700	51,700
Deferred tax assets		5,686	5,995
Total non-current assets		<u>258,206</u>	<u>259,029</u>
Property development costs		170,902	162,125
Inventories		5,091	6,511
Trade and other receivables		22,224	46,830
Other current assets		61,335	24,796
Investment securities	16	18,504	5,476
Cash and bank balances		25,987	47,809
Total current assets		<u>304,043</u>	<u>293,547</u>
TOTAL ASSETS		<u>562,249</u>	<u>552,576</u>
Equity attributable to owners of the parent			
Share capital		248,203	248,203
Retained earnings	21	83,201	63,754
		<u>331,404</u>	<u>311,957</u>
Non-controlling interests		11,012	9,824
Total Equity		<u>342,416</u>	<u>321,781</u>
LIABILITIES			
Loans and borrowings	26	69,541	83,676
Deferred tax liabilities		2	2
Total non-current liabilities		<u>69,543</u>	<u>83,678</u>
Loans and borrowings	26	79,661	71,747
Trade and other payables	17	66,270	75,144
Other current liabilities		4,359	226
Total current liabilities		<u>150,290</u>	<u>147,117</u>
Total liabilities		<u>219,833</u>	<u>230,795</u>
TOTAL EQUITY AND LIABILITIES		<u>562,249</u>	<u>552,576</u>

The condensed consolidated statement of financial position should be read in conjunction with the audited financial statements for the year ended 31 December 2015 and the accompanying explanatory notes attached to the interim financial statements.



IBRACO BERHAD (011286-P)
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CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the six-month period ended 30 June 2016
(The figures have not been audited)

	<i>Non-distributable</i>		<i>Attributable to owners of the parent</i>		<i>Non-Controlling interests</i> RM'000	<i>Total equity</i> RM'000
	<i>Share capital</i> RM'000	<i>Share premium</i> RM'000	<i>Distributable Retained earnings</i> RM'000	<i>Share option reserve</i> RM'000		
At 1 January 2015	126,624	9,964	96,840	17	3,517	236,962
Total comprehensive income	-	-	45,959	-	6,507	52,466
Dividends on ordinary shares	-	-	(17,374)	-	-	(17,374)
Dividends paid to non-controlling interests	-	-	-	-	(200)	(200)
Bonus issue	70,915	(9,244)	(61,671)	-	-	-
Rights issue	50,654	-	-	-	-	50,654
Share issuance expenses	-	(737)	-	-	-	(737)
Exercise of employees' share options	10	17	-	(17)	-	10
At 31 December 2015	<u>248,203</u> =====	<u>-</u> =====	<u>63,754</u> =====	<u>-</u> =====	<u>9,824</u> =====	<u>321,781</u> =====
At 1 January 2016	248,203	-	63,754	-	9,824	321,781
Total comprehensive income	-	-	19,447	-	2,162	21,609
Contribution of capital by non-controlling interests	-	-	-	-	26	26
Dividends paid to non-controlling interests	-	-	-	-	(1,000)	(1,000)
At 30 June 2016	<u>248,203</u> =====	<u>-</u> =====	<u>83,201</u> =====	<u>-</u> =====	<u>11,012</u> =====	<u>342,416</u> =====

The condensed consolidated statement of changes in equity should be read in conjunction with the audited financial statements for the year ended 31 December 2015 and the accompanying explanatory notes attached to the interim financial statements.



IBRACO BERHAD (011286-P)
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CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS

For the six-month period ended 30 June 2016

(The figures have not been audited)

	6 months ended 30 June	
	2016	2015
	RM'000	RM'000
CASH FLOWS FROM OPERATING ACTIVITIES		
Profit before tax	28,928	27,932
Adjustments for:		
Depreciation of property, plant and equipment	659	605
Dividend income	(264)	(200)
Interest expenses	2,719	1,398
Interest income	(397)	(67)
Operating profit before working capital changes	<u>31,645</u>	<u>29,668</u>
Changes in working capital:		
Land held for property development	(91)	(31)
Property development costs	(8,777)	(10,474)
Inventories	1,420	5,164
Receivables	24,606	(10,557)
Other current assets	(30,365)	4,754
Payables	(8,874)	(15,804)
Other current liabilities	4,133	8,648
Deposits pledged for bank guarantee	(14)	(13)
Cash generated from operations	<u>13,683</u>	<u>11,355</u>
Interest paid	(2,719)	(1,398)
Interest received	397	67
Taxes paid	(13,308)	(9,633)
Taxes refunded	124	-
Net cash (used in)/generated from operating activities	<u>(1,823)</u>	<u>391</u>
CASH FLOWS FROM INVESTING ACTIVITIES		
Acquisition of land held for development	-	(62,144)
Deposits with maturity more than 3 months	9,951	(7)
Dividend received	264	200
Proceeds from disposal of investment securities	5,000	20,000
Proceeds from shares issued to non-controlling interests	26	-
Purchase of investment securities	(18,028)	(21,605)
Purchase of property, plant and equipment	(54)	(215)
Net cash used in investing activities	<u>(2,841)</u>	<u>(63,771)</u>



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CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS (contd.)

For the six-month period ended 30 June 2016

(The figures have not been audited)

	6 months ended 30 June	
	2016	2015
	RM'000	RM'000
CASH FLOWS FROM FINANCING ACTIVITIES		
Dividends paid to non-controlling interests	(1,000)	(200)
Share issuance expenses	-	(169)
Proceeds from loans and borrowings	10,400	84,510
Proceeds from exercise of employee share options	-	10
Repayment of finance leases	(215)	(165)
Repayment of loans and borrowings	(16,406)	(21,349)
Net cash (used in)/generated from financing activities	(7,221)	62,637
Net decrease in cash and cash equivalents	(11,885)	(743)
Cash and cash equivalents at beginning of financial period	35,633	15,333
Cash and cash equivalents at end of financial period	23,748	14,590

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

	As at 30 June	
	2016	2015
	RM'000	RM'000
Cash and bank balances	25,987	16,751
Less:		
Deposits with maturity more than 3 months	(1,343)	(1,293)
Deposits pledged for bank guarantee	(896)	(868)
Cash and cash equivalents	23,748	14,590

The condensed consolidated statement of cash flows should be read in conjunction with the audited financial statements for the year ended 31 December 2015 and the accompanying explanatory notes attached to the interim financial statements.



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PART A – EXPLANATORY NOTES PURSUANT TO FRS 134

1. Basis of Preparation

These condensed consolidated interim financial statements have been prepared on a historical basis except as disclosed in the accounting policies.

The condensed consolidated interim financial statements are unaudited and have been prepared in accordance with the requirements of FRS 134: Interim Financial Reporting and paragraph 9.22 of the Listing Requirements of Bursa Malaysia Securities Berhad.

The condensed consolidated interim financial statements should be read in conjunction with the audited financial statements for the year ended 31 December 2015. These explanatory notes attached to the interim financial statements provide an explanation of events and transactions that are significant to an understanding of the changes in the financial position and performance of the Group since the year ended 31 December 2015.

2. Changes in Accounting Policies

Except as described below, the significant accounting policies adopted are consistent with those of the audited financial statement for the year ended 31 December 2015.

On 1 January 2016, the Group adopted the following FRSs:-

FRSs

Annual Improvements to FRSs 2012 - 2014 Cycle

Amendments to FRS 116 and FRS 138: Clarification of Acceptable Methods of Depreciation and Amortisation

Amendments to FRS 11: Accounting for Acquisitions of Interests in Joint Operations

Amendments to FRS 127: Equity Method in Separate Financial Statements

Amendments to FRS 101: Disclosure Initiative

Amendments to FRS 10, FRS 12 and FRS 128: Investment Entities: Applying the Consolidation Exception

FRS 14: Regulatory Deferral Accounts

The application of the above FRSs and Amendments to FRSs did not result in any significant changes in the accounting policies and presentation of the financial results of the Group.

Malaysian Financial Reporting Standards (MFRS Framework)

On 19 November 2011, the Malaysian Accounting Standards Board (MASB) issued a new MASB approved accounting framework, the Malaysian Financial Reporting Standards (MFRS Framework).

The MFRS Framework is to be applied by all Entities Other Than Private Entities for annual periods beginning on or after 1 January 2012, with the exception of entities that are within the scope of MFRS 141 Agriculture (MFRS 141) and IC Interpretation 15 Agreements for Construction of Real Estate (IC 15), including its parent, significant investor and venturer (herein called 'Transitioning Entities').



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2. Changes in Accounting Policies (contd.)

On 2 September 2014, MASB issued a new MASB approved accounting Standards MFRS 15 Revenue from Contracts with Customers (MFRS 15) applicable to financial statements for annual periods beginning on or after 1 January 2017. Related accounting standards namely MFRS 111 Construction Contracts, MFRS 118 Revenue and IC 15 shall be withdrawn on the application of MFRS 15. Adoption of the MFRS Framework by Transitioning Entities will be mandatory for annual periods beginning on or after 1 January 2017. Pursuant to a decision by the International Accounting Standards Board (IASB) to defer the effective date of IFRS 15 to 1 January 2018, the effective date for Transitioning Entities to apply MFRSs will also be deferred to annual periods beginning on or after 1 January 2018.

The Group falls within the scope definition of Transitioning Entities and accordingly, will be required to prepare financial statements using the MFRS Framework in its first MFRS financial statements for the year ending 31 December 2018. In presenting its first MFRS financial statements, the Group will be required to restate the comparative financial statements to amounts reflecting the application of MFRS Framework. The majority of the adjustments required on transition will be made, retrospectively, against opening retained earnings.

3. Comments about Seasonal or Cyclical Factors

The Group's performance was not materially affected by any seasonal or cyclical factors for the quarter under review.

4. Unusual Items Due to their Nature, Size or Incidence

There were no unusual items affecting assets, liabilities, equity, net income, or cash flows during the quarter ended 30 June 2016.

5. Significant Estimates and Changes in Estimates

There were no changes in estimates that have had any material effect on the quarter ended 30 June 2016.

6. Property, Plant and Equipment

Acquisition and Disposals

During the six months ended 30 June 2016, the Group acquired property, plant and equipment with an aggregate cost of RM Nil (six months ended 30 June 2015: RM280,000) by means of finance lease. The cash outflow on acquisition of property, plant and equipment amounted to RM53,474 during the six months ended 30 June 2016 (six months ended 30 June 2015: RM214,360).

There was no disposal and write off during the six months ended 30 June 2016 (six months ended 30 June 2015: RM Nil).

7. Debt and Equity Securities

Except for those disclosed in Note 16, there were no other issuances, cancellations, repurchases, resale and repayments of debt and equity securities during the quarter ended 30 June 2016.



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8. Dividends Paid

There was no dividend paid during the quarter ended 30 June 2016.

9. Segmental Information

Geographical segment

No geographical segment analysis has been presented as the Group's business interest is predominantly located in Malaysia.

Business segment

The Group is principally engaged in property development, property holding and management, and construction works. Revenue and profit generated from landscaping works is insignificant compared to the Group's overall revenue and profit.

Results for 3 months ended 30 June 2016 (2Q2016) and 3 months ended 30 June 2015 (2Q2015) are as follows:

	Property development activities		Property holding & management		Construction works		Elimination		Per consolidated financial statements	
	2Q2016 RM'000	2Q2015 RM'000	2Q2016 RM'000	2Q2015 RM'000	2Q2016 RM'000	2Q2015 RM'000	2Q2016 RM'000	2Q2015 RM'000	2Q2016 RM'000	2Q2015 RM'000
Revenue:										
External customers	59,887	49,596	799	872	-	1,681	-	-	60,686	52,149
Inter-segment	-	-	-	-	27,146	33,452	(27,146)	(33,452)	-	-
Total revenue	59,887	49,596	799	872	27,146	35,133	(27,146)	(33,452)	60,686	52,149
	=====	=====	=====	=====	=====	=====	=====	=====	=====	=====
Segment profit	12,628	6,568	490	796	637	1,636	3,171	2,314	16,926	11,314
	=====	=====	=====	=====	=====	=====	=====	=====	=====	=====



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9. Segmental Information (contd.)

Segment profit is reconciled to profit before tax presented in the condensed consolidated statement of comprehensive income as follows:

	2Q2016	2Q2015
	RM'000	RM'000
Segment profit	18,251	12,110
Finance costs	(1,325)	(796)
	<hr/>	<hr/>
Profit before tax	16,926	11,314
	=====	=====

Results for 6 months ended 30 June 2016 (6M2016) and 6 months ended 30 June 2015 (6M2015) are as follows:

	Property development activities		Property holding & management		Construction works		Elimination		Per consolidated financial statements	
	6M2016	6M2015	6M2016	6M2015	6M2016	6M2015	6M2016	6M2015	6M2016	6M2015
	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
Revenue:										
External customers	98,092	103,364	1,599	1,648	-	4,317	-	-	99,691	109,329
Inter-segment	-	-	-	-	52,706	64,590	(52,706)	(64,590)	-	-
	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>
Total revenue	98,092	103,364	1,599	1,648	52,706	68,907	(52,706)	(64,590)	99,691	109,329
	=====	=====	=====	=====	=====	=====	=====	=====	=====	=====
Segment profit	21,393	19,611	969	1,549	521	1,912	6,045	4,860	28,928	27,932
	=====	=====	=====	=====	=====	=====	=====	=====	=====	=====



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9. Segmental Information (contd.)

Segment profit is reconciled to profit before tax presented in the condensed consolidated statement of comprehensive income as follows:

	6M2016	6M2015
	RM'000	RM'000
Segment profit	31,647	29,330
Finance costs	(2,719)	(1,398)
	<hr/>	<hr/>
Profit before tax	28,928	27,932
	=====	=====

10. Event After the Reporting Period

There are no material events subsequent to the reporting date that have any material effect on the quarter ended 30 June 2016.

11. Changes in Composition of the Group

There were no changes in the composition of the Group during the current quarter ended 30 June 2016.

12. Changes in Contingent Liabilities and Contingent Assets

There were no contingent liabilities and contingent assets since the last annual statement of financial position as at 31 December 2015 till the end of the financial period.

13. Capital Commitments

	As at 30 June	
	2016	2015
	RM'000	RM'000
Approved and contracted for:		
Property, plant and equipment	-	47

14. Directors and Key Management Personnel Compensation

The total compensation inclusive of all benefits and perquisites paid to Directors of the Group and other members of key management during the quarter under review were as follows:

	3 months ended 30 June	
	2016	2015
	RM'000	RM'000
Directors	371	348
Key management personnel	305	240



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15. Related Party Transactions

The related party transactions are as follows:

	Note	Transaction value 3 months ended 30 June		Balance outstanding as at 30 June	
		2016	2015	2016	2015
		RM'000	RM'000	RM'000	RM'000
Sharifah Deborah Sophia Ibrahim	(a)				
Rental expense on premises		102	102	-	-
Hiap Ghee Seng Sdn Bhd	(b)				
Rental expense on premises		37	37	-	-

Notes

- (a) Sharifah Deborah Sophia Ibrahim is a major shareholder and Director of the Company.
- (b) Hiap Ghee Seng Sdn Bhd is a company connected to the Directors of the Company and of its subsidiary.

The Directors are of the opinion that the related party transactions and balances described above were carried out in the ordinary course of business and on mutually agreed terms.

16. Investment Securities

	Unaudited 30 June 2016 RM'000		Audited 31 December 2015 RM'000	
	Carrying amount	Fair value of quoted securities	Carrying amount	Fair value of quoted securities
<i>Financial assets at fair value through profit or loss</i>				
- Unit trusts (quoted in Malaysia)	18,504	18,504	5,476	5,476

17. Trade and Other Payables

	Unaudited 30 June 2016 RM'000	Audited 31 December 2015 RM'000
Trade and other payables	40,072	42,855
Provision for projects	26,198	32,289
Total trade and other payables	66,270	75,144



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

Review of Performance

18. Current Financial Quarter (2Q2016) Vs Corresponding Financial Quarter (2Q2015)

The Group's revenue for 2Q2016 increased to RM60.69 million from RM52.15 million in 2Q2015. During this reporting quarter, revenue was primarily recognised from the sales of residential houses at Tabuan Tranquility Phase 2, sales of apartments at Stutong Heights, sales of condominiums at the Park Residence, sales of 3-storey shop offices at Tabuan Tranquility Phase 3 and Bintulu Town Square, sales of shop lots at Bintulu Town Square and rental income from investment property. The Group's revenue for 2Q2015 was primarily recognised from sales of residential houses at Tabuan Tranquility Phase 2 and Phase 4, sales of apartments at Stutong Heights, sales of condominiums at the Park Residence, sales of 3-storey shop offices at Tabuan Tranquility Phase 3 and Bintulu Town Square, construction project at Bintulu and rental income from investment property. These projects comprised different type of properties and at varying stages of sales and completion. In addition, profit margin between projects also varies. These changes in product mix, sales and completion status have impact on the earnings of the Group.

Other income increased from RM0.26 million in 2Q2015 to RM0.52 million in 2Q2016. This other income comprised of dividend income earned from investment securities, interest income earned from short term placement with licensed banks, tender documents fee and administrative charges for sub-sales and re-financing.

Administrative expenses decreased to RM2.92 million compared to RM3.42 million in 2Q2015. The decrease was mainly due to decrease in corporate social responsibility expenses during the current financial quarter. Other components of the administrative expenses have not varied much compared to those incurred during 2Q2015.

Finance costs increased to RM1.33 million from RM0.80 million in 2Q2015. The increase was primarily due to drawdown of banking facilities to finance the acquisition of land and finance costs incurred for completed projects are expensed off to statement of comprehensive income during this reporting quarter.

19. Current 6-month financial period (6M2016) Vs corresponding 6-month financial period (6M2015)

The Group's profit before tax for 6M2016 increased to RM28.93 million compared to a profit before tax of RM27.93 million recorded in 6M2015.

The Group's revenue for 6M2016 decreased to RM99.69 million from RM109.33 million in 6M2015. During 6M2016, the revenue was primarily recognised from the sales of residential houses at Tabuan Tranquility Phase 2, sales of condominiums at the Park Residence, sales of apartments at Stutong Heights, sales of 3-storey shop office at Tabuan Tranquility Phase 3 and Bintulu Town Square, sales of shop lots at Bintulu Town Square and rental income from investment property. Whilst, revenue from 6M2015 was recognised from sales of residential houses at Tabuan Tranquility Phase 2 and Phase 4, sales of condominiums at the Park Residence, sales of apartments at Stutong Heights, sales of developed vacant land at Tabuan Tranquility Phase 2 and Trombol 2, sales of 3-storey shop office at Tabuan Tranquility Phase 3 and Bintulu Town Square, construction project at Bintulu and rental income from investment property.



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19. Current 6-month financial period (6M2016) Vs corresponding 6-month financial period (6M2015) (contd.)

Other income increased from RM0.43 million to RM0.79 million in 6M2016. This other income comprised dividend income earned from investment securities, interest income earned from short term placement with licensed banks, tender documents fees, and administrative charges for sub-sale and refinancing by purchasers.

Administrative expenses decreased to RM5.89 million compared to RM6.22 million in 6M2015. The decrease is mainly due to decrease in corporate social responsibility expenses during the reporting period. Other components of the administrative expenses have not varied much compared to that incurred during the corresponding period.

Finance costs increased from RM1.40 million in 6M2015 to RM2.72 million in 6M2016. The increase was primarily due to drawdown of banking facilities to finance the acquisition of land and finance costs incurred for completed projects are expensed off to statement of comprehensive income during this financial period.

20. Comparison with Immediate Preceding Quarter's Results

The Group recorded a profit before tax of RM16.93 million compared to a profit before tax of RM12.0 million recorded in the immediate preceding quarter ended 31 March 2016.

The Group's revenue for the current financial quarter ended 30 June 2016 increased to RM60.69 million compared to RM39.01 million in the immediate preceding quarter ended 31 March 2016. The revenue source for both financial quarters are similar, i.e. recognition from on-going development projects namely, sales of residential houses at Tabuan Tranquility Phase 2, sales of apartments at Stutong Heights, sales of condominiums at the Park Residence, sales of shop lots at Bintulu Town Square, sales of 3-storey shop offices at Tabuan Tranquility Phase 3 and Bintulu Town Square, and rental income from its investment property.

Other income increased from RM0.28 million in the immediate preceding quarter to RM0.52 million in this reporting quarter. This other income comprised dividend income earned from investment securities, interest income earned from short term placement with licensed banks, tender documents fees, and administrative charges for sub-sale and refinancing by purchasers.

Administrative expenses decreased to RM2.92 million compared to RM2.97 million in the immediate preceding quarter ended 31 March 2016. The decrease was mainly due to higher corporate social responsibility expenses incurred in the immediate preceding quarter. Other components of the administrative expenses have not varied much compared to those incurred during the immediate preceding quarter.

Finance costs have decreased from RM1.39 million in the immediate preceding quarter to RM1.33 million in this reporting quarter. The decrease was primarily due to repayment of loans and borrowings during this reporting quarter.



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21. Retained Earnings

	Unaudited 30 June 2016 RM'000	Audited 31 December 2015 RM'000
Realised	94,264	70,401
Unrealised	(11,063)	(6,647)
Total retained earnings	83,201	63,754

22. Profit Before Tax

The following amounts have been included in arriving at profit before tax:

	3 months ended 30 June		6 months ended 30 June	
	2016 RM'000	2015 RM'000	2016 RM'000	2015 RM'000
Depreciation of property, plant and equipment	325	305	659	605
Dividends income	(138)	(108)	(264)	(200)
Interest expenses	1,325	796	2,719	1,398
Interest income	(339)	(31)	(397)	(67)
Other income	(39)	(123)	(133)	(160)

23. Prospects

The principal activity of the Group is realty development. In this respect, the performance of the Group is highly impacted by any movement in raw material and labour costs as well as demand of our properties which have been strong to-date. Contract for construction works are awarded on a lump sum basis to minimise the risk of labour and material price fluctuations.

The Group plans to launch more projects comprising mainly residential and commercial properties in 2016 and future years. The Group monitors the market demand for our products and adopts a prudent approach with respect to any new projects.

24. Actual Profit against Forecast Profit and Profit Guarantee

The disclosure requirements for explanatory notes for the variance of actual profit after tax and non-controlling interests and forecast profit after tax and non-controlling interests and for the shortfall in profit guarantee are not applicable.



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25. Income Tax Expense

	3 months ended 30 June		6 months ended 30 June	
	2016 RM'000	2015 RM'000	2016 RM'000	2015 RM'000
Current income tax:				
- Malaysian income tax	4,824	2,462	7,314	5,843
Deferred tax	(660)	447	5	1,028
Total income tax expense	<u>4,164</u>	<u>2,909</u>	<u>7,319</u>	<u>6,871</u>

Income tax is calculated at the Malaysian statutory tax rate of 24% (2015: 25%) of the estimated assessable profit for the period.

The effective tax rate of the Group for the current financial quarter and 6 months financial period are slightly higher than the statutory tax rate mainly due to certain expenses are not deductible for tax purposes.

26. Loans and Borrowings

	Unaudited As at 30 June 2016 RM'000	Audited As at 31 December 2015 RM'000
Short term borrowings		
Secured: Finance lease liabilities	445	435
Revolving credits	55,500	50,100
Term loans	23,716	21,212
	<u>79,661</u>	<u>71,747</u>
Long term borrowings		
Secured: Finance lease liabilities	935	1,160
Term loans	68,606	82,516
	<u>69,541</u>	<u>83,676</u>
Total loans and borrowings	<u>149,202</u>	<u>155,423</u>

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

The Group did not issue any debt securities.



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27. Corporate Exercise

Status of corporate exercise – rights and bonus issue

On 21 August 2015, the Company has completed the renounceable rights issue of 50,653,638 new ordinary shares of RM1.00 each at an issue price of RM1.00 per rights share on the basis of 2 right shares for every 5 existing ordinary shares held in the Company on 24 July 2015.

On 23 October 2015, the shareholders of the Company have approved the bonus issue of 70,915,093 new ordinary shares of RM1.00 each to be credited as fully paid-up on the basis of 2 bonus shares for every 5 existing ordinary shares held in the Company on 6 November 2015. The shareholders also approved the subdivision of every 1 existing ordinary share held after the bonus issue into 2 ordinary shares of RM0.50 each and every 1 preference shares of RM1.00 each into 2 preference shares of RM0.50 each. This corporate exercise was completed on 9 November 2015.

Status of utilisation of proceeds

The gross proceeds from issuance of 50,653,638 rights shares at an issue price of RM1.00 per rights share of approximately RM50.65 million have been / shall be utilised in the following manner:

	Purpose	Proposed utilisation	Actual utilisation	Deviation	Balance	Intended timeframe for utilisation	Explanations
		RM'000	RM'000	RM'000	RM'000		
(i)	Repayment of bank borrowings	30,000	(30,000)	-	-	Within 12 months	Repayment of short term borrowings
(ii)	Project financing	19,554	(7,981)	363	11,936	Within 24 months	Payment to project consultants
(iii)	Rights issue expenses	1,100	(737)	(363)	-	Within 3 months	Payment of professional fees
		<u>50,654</u>	<u>(38,718)</u>	<u>-</u>	<u>11,936</u>		

28. Off Balance Sheet Financial Instruments

The Group does not have any financial instruments with off balance sheet risk as at 15 August 2016, the latest practicable date which is not earlier than 7 days from the date of this quarterly report.

29. Changes in Material Litigation

There was no known material litigation as at 15 August 2016.



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30. Earnings Per Share

The following reflect the profit and share data used in the computation of basic and diluted earnings per share:

	3 months ended		6 months ended	
	30 June		30 June	
	2016	2015	2016	2015
Profit attributable to owners of the parent (RM'000)	11,355	7,643	19,447	18,198
Weighted average number of ordinary shares in issue ('000)	496,406	402,927	496,406	402,914
Effects of dilution - share options ('000)	-	-	-	-
Weighted average number of ordinary shares for diluted earnings per share computation ('000)	496,406	402,927	496,406	402,914
Basic earnings per share (sen)	2.29	1.90	3.92	4.52
Diluted earnings per share (sen)	2.29	1.90	3.92	4.52

31. Auditors' Report on Preceding Annual Financial Statements

The auditors' report on the financial statements for the financial year ended 31 December 2015 was not qualified.

32. Authorisation for Issue

The interim financial statements were authorised for issue by the Board of Directors in accordance with a resolution of the Directors on 19 August 2016.