



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

**CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME**

For the six-month period ended 30 June 2017

(The figures have not been audited)

	Note	Current Quarter 3 months ended 30 June		Cumulative Quarter 6 months ended 30 June	
		2017 RM'000	2016 RM'000	2017 RM'000	2016 RM'000
Revenue		22,338	60,686	41,401	99,691
Cost of sales		(13,787)	(39,990)	(25,526)	(62,792)
<b>Gross profit</b>		8,551	20,696	15,875	36,899
Other income		291	516	504	794
Administrative expenses		(3,442)	(2,922)	(6,667)	(5,888)
Selling and marketing expenses		(118)	(39)	(178)	(158)
Finance costs		(907)	(1,325)	(1,705)	(2,719)
<b>Profit before tax</b>	22	4,375	16,926	7,829	28,928
Income tax expense	25	(1,042)	(4,164)	(806)	(7,319)
<b>Profit for the period</b>		3,333	12,762	7,023	21,609
<b>Other comprehensive income</b>		-	-	-	-
<b>Total comprehensive income for the period</b>		3,333	12,762	7,023	21,609
<b>Profit for the period attributable to :</b>					
<b>Owners of the parent</b>		3,016	11,355	6,352	19,447
<b>Non-controlling interests</b>		317	1,407	671	2,162
		3,333	12,762	7,023	21,609
<b>Total comprehensive income attributable to :</b>					
<b>Owners of the parent</b>		3,016	11,355	6,352	19,447
<b>Non-controlling interests</b>		317	1,407	671	2,162
		3,333	12,762	7,023	21,609



**IBRACO BERHAD (011286-P)**  
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**CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME (contd.)**

For the six-month period ended 30 June 2017

(The figures have not been audited)

**Earnings Per Share**  
**attributable to owners of**  
**the parent:**

Basic, for profit for the period (Sen)	30	0.61	2.29	1.28	3.92
Diluted, for profit for the period (Sen)	30	0.61	2.29	1.28	3.92

The condensed consolidated statement of comprehensive income should be read in conjunction with the audited financial statements for the year ended 31 December 2016 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 2017 and 31 December 2016

	Note	Unaudited As at 30 June 2017 RM'000	Audited As at 31 December 2016 RM'000
<b>ASSETS</b>			
Property, plant & equipment		8,052	7,367
Land held for property development		44,614	44,587
Investment properties		56,823	56,499
Deferred tax assets		9,422	7,854
<b>Total non-current assets</b>		118,911	116,307
Property development costs		323,286	294,955
Inventories		40,162	44,244
Trade and other receivables		18,007	28,223
Other current assets		48,340	30,868
Investment securities	16	8,732	7,639
Cash and bank balances		16,811	22,912
<b>Total current assets</b>		455,338	428,841
<b>TOTAL ASSETS</b>		574,249	545,148
<b>Equity attributable to owners of the parent</b>			
Share capital		248,203	248,203
Retained earnings	21	79,806	73,454
		328,009	321,657
<b>Non-controlling interests</b>			
		11,472	10,801
<b>Total Equity</b>		339,481	332,458
<b>LIABILITIES</b>			
Loans and borrowings	26	48,993	58,068
Deferred tax liabilities		2	2
<b>Total non-current liabilities</b>		48,995	58,070
Loans and borrowings	26	105,030	82,573
Trade and other payables	17	65,516	65,680
Other current liabilities		15,227	6,048
Income tax payable		-	319
<b>Total current liabilities</b>		185,773	154,620
<b>Total liabilities</b>		234,768	212,690
<b>TOTAL EQUITY AND LIABILITIES</b>		574,249	545,148

The condensed consolidated statement of financial position should be read in conjunction with the audited financial statements for the year ended 31 December 2016 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 2017  
(The figures have not been audited)

	<i>Non-distributable</i> <b>Share capital RM'000</b>	<b>Attributable to owners of the parent</b> <i>Distributable</i> <b>Retained earnings RM'000</b>	<b>Non-Controlling interests RM'000</b>	<b>Total equity RM'000</b>
<b>At 1 January 2016</b>	248,203	63,754	9,824	321,781
Total comprehensive income	-	27,074	1,951	29,025
Dividends on ordinary shares	-	(17,374)	-	(17,374)
Dividends paid to non-controlling interests	-	-	(1,000)	(1,000)
Contribution of capital by non-controlling interests	-	-	26	26
<b>At 31 December 2016</b>	<u>248,203</u> =====	<u>73,454</u> =====	<u>10,801</u> =====	<u>332,458</u> =====
<b>At 1 January 2017</b>	248,203	73,454	10,801	332,458
Total comprehensive income	-	6,352	671	7,023
<b>At 30 June 2017</b>	<u>248,203</u> =====	<u>79,806</u> =====	<u>11,472</u> =====	<u>339,481</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 2016 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 2017

(The figures have not been audited)

	<b>6 months ended 30 June</b>	
	<b>2017</b>	<b>2016</b>
	<b>RM'000</b>	<b>RM'000</b>
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>		
Profit before tax	7,829	28,928
Adjustments for:		
Depreciation of property, plant and equipment	761	659
Dividend income	(131)	(264)
Interest expenses	1,705	2,719
Interest income	(97)	(397)
Reversal of impairment of trade receivables	(248)	-
Operating profit before working capital changes	<u>9,819</u>	<u>31,645</u>
Changes in working capital:		
Land held for property development	(27)	(91)
Investment properties	(324)	-
Property development costs	(28,331)	(8,777)
Inventories	4,082	1,420
Receivables	10,464	24,606
Other current assets	(12,585)	(30,365)
Payables	(164)	(8,874)
Other current liabilities	9,179	4,133
Deposits pledged for bank borrowings	870	(14)
Cash (used in)/generated from operations	<u>(7,017)</u>	<u>13,683</u>
Interest paid	(1,705)	(2,719)
Interest received	97	397
Taxes paid	(7,580)	(13,308)
Taxes refunded	-	124
<b>Net cash used in operating activities</b>	<u><b>(16,205)</b></u>	<u><b>(1,823)</b></u>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>		
Deposits with maturity more than 3 months	(36)	9,951
Dividend received	131	264
Proceeds from disposal of investment securities	4,863	5,000
Proceeds from shares issued to non-controlling interests	-	26
Purchase of investment securities	(5,956)	(18,028)
Purchase of property, plant and equipment	(519)	(54)
<b>Net cash used in investing activities</b>	<u><b>(1,517)</b></u>	<u><b>(2,841)</b></u>



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

For the six-month period ended 30 June 2017

(The figures have not been audited)

	<b>6 months ended 30 June</b>	
	<b>2017</b>	<b>2016</b>
	<b>RM'000</b>	<b>RM'000</b>
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>		
Dividends paid to non-controlling interests	-	(1,000)
Proceeds from loans and borrowings	27,100	10,400
Repayment of finance leases	(287)	(215)
Repayment of loans and borrowings	(14,358)	(16,406)
<b>Net cash generated from/(used in) financing activities</b>	<b>12,455</b>	<b>(7,221)</b>
<b>Net decrease in cash and cash equivalents</b>	<b>(5,267)</b>	<b>(11,885)</b>
<b>Cash and cash equivalents at beginning of financial period</b>	<b>20,346</b>	<b>35,633</b>
<b>Cash and cash equivalents at end of financial period</b>	<b>15,079</b>	<b>23,748</b>

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

	<b>As at 30 June</b>	
	<b>2017</b>	<b>2016</b>
	<b>RM'000</b>	<b>RM'000</b>
Cash and bank balances	16,811	25,987
Less:		
Deposits with maturity more than 3 months	(1,379)	(1,343)
Deposits pledged for bank borrowings	(353)	(896)
<b>Cash and cash equivalents</b>	<b>15,079</b>	<b>23,748</b>

The condensed consolidated statement of cash flows should be read in conjunction with the audited financial statements for the year ended 31 December 2016 and the accompanying explanatory notes attached to the interim financial statements.



**IBRACO BERHAD (011286-P)**  
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**PART A – EXPLANATORY NOTES PURSUANT TO FRS 134**

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**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 2016. 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 2016.

**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 2016.

On 1 January 2017, the Group adopted the following FRSs:-

**FRSs**

Amendments to FRS 107: Disclosure Initiative

Amendments to FRS 112: Recognition of Deferred Tax Assets for Unrealised Losses

Annual Improvements to FRS Standards 2014-2016 Cycle – Amendments to FRS 12: Disclosure of Interests in Other Entities

The application of the above 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').

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.



**IBRACO BERHAD (011286-P)**  
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**2. Changes in Accounting Policies (contd.)**

**Malaysian Financial Reporting Standards (MFRS Framework) (contd.)**

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 2017.

**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 2017.

**6. Property, Plant and Equipment**

**Acquisition and Disposals**

During the six months ended 30 June 2017, the Group acquired property, plant and equipment with an aggregate cost of RM927,000 (six months ended 30 June 2016: RM Nil) by means of finance lease. The cash outflow on acquisition of property, plant and equipment amounted to RM519,135 during the six months ended 30 June 2017 (six months ended 30 June 2016: RM53,474).

There was no disposal and write off during the six months ended 30 June 2017 (six months ended 30 June 2016: 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 2017.

**8. Dividend Paid**

There was no dividend paid during the quarter ended 30 June 2017.





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**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 2017 (2Q2017) and 3 months ended 30 June 2016 (2Q2016) are as follows:

	Property development activities		Property holding & management		Construction works		Elimination		Per consolidated financial statements	
	2Q2017 RM'000	2Q2016 RM'000	2Q2017 RM'000	2Q2016 RM'000	2Q2017 RM'000	2Q2016 RM'000	2Q2017 RM'000	2Q2016 RM'000	2Q2017 RM'000	2Q2016 RM'000
<b>Revenue:</b>										
External customers	21,451	59,887	887	799	-	-	-	-	22,338	60,686
Inter-segment	-	-	-	-	15,661	27,146	(15,661)	(27,146)	-	-
Total revenue	21,451	59,887	887	799	15,661	27,146	(15,661)	(27,146)	22,338	60,686
	=====	=====	=====	=====	=====	=====	=====	=====	=====	=====
Segment profit/(loss)	2,962	12,628	561	490	(361)	637	1,213	3,171	4,375	16,926
	=====	=====	=====	=====	=====	=====	=====	=====	=====	=====



**IBRACO BERHAD (011286-P)**  
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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:

	<b>2Q2017</b>	<b>2Q2016</b>
	<b>RM'000</b>	<b>RM'000</b>
Segment profit	5,282	18,251
Finance costs	(907)	(1,325)
	<hr/>	<hr/>
Profit before tax	4,375	16,926
	=====	=====

Results for 6 months ended 30 June 2017 (6M2017) and 6 months ended 30 June 2016 (6M016) are as follows:

	<b>Property development activities</b>		<b>Property holding &amp; management</b>		<b>Construction works</b>		<b>Elimination</b>		<b>Per consolidated financial statements</b>	
	<b>6M2017</b>	<b>6M2016</b>	<b>6M2017</b>	<b>6M2016</b>	<b>6M2017</b>	<b>6M2016</b>	<b>6M2017</b>	<b>6M2016</b>	<b>6M2017</b>	<b>6M2016</b>
	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>
<b>Revenue:</b>										
External customers	39,654	98,092	1,747	1,599	-	-	-	-	41,401	109,329
Inter-segment	-	-	-	-	31,762	52,706	(31,762)	(52,706)	-	-
	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>
Total revenue	39,654	98,092	1,747	1,599	31,762	52,706	(31,762)	(52,706)	41,401	109,329
	=====	=====	=====	=====	=====	=====	=====	=====	=====	=====
Segment profit/(loss)	5,677	21,393	1,072	969	(488)	521	1,568	6,045	7,829	27,932
	=====	=====	=====	=====	=====	=====	=====	=====	=====	=====



**IBRACO BERHAD (011286-P)**  
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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:

	<b>6M2017</b>	<b>6M2016</b>
	<b>RM'000</b>	<b>RM'000</b>
Segment profit	9,534	31,647
Finance costs	(1,705)	(2,719)
	<hr/>	<hr/>
Profit before tax	7,829	28,928
	=====	=====

**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 2017.

**11. Changes in Composition of the Group**

There were no changes in the composition of the Group during the current quarter ended 30 June 2017.

**12. Changes in Contingent Liabilities and Contingent Assets**

**Contingent Liabilities**

Unsecured:

	<b>Unaudited</b>	<b>Audited</b>
	<b>30 June</b>	<b>31 December</b>
	<b>2017</b>	<b>2016</b>
	<b>RM'000</b>	<b>RM'000</b>
Corporate guarantees to financial institutions in respect of banking facilities granted to subsidiary companies	129,984	52,800
	<hr/> <hr/>	<hr/> <hr/>

**Contingent Assets**

There were no contingent assets since the last annual statement of financial position as at 31 December 2016 till the end of the financial period.

**13. Capital Commitments**

	<b>As at 30 June</b>	
	<b>2017</b>	<b>2016</b>
	<b>RM'000</b>	<b>RM'000</b>
<b>Approved and contracted for:</b>		
Investment properties	79	2,801
Purchase of machineries	7,204	-
Total	<hr/> <hr/>	<hr/> <hr/>
	7,283	2,801



**IBRACO BERHAD (011286-P)**  
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**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:

	<b>3 months ended 30 June</b>	
	<b>2017</b>	<b>2016</b>
	<b>RM'000</b>	<b>RM'000</b>
Directors	365	371
Key management personnel	577	305

**15. Related Party Transactions**

The related party transactions are as follows:

	<b>Note</b>	<b>Transaction value</b>		<b>Balance outstanding</b>	
		<b>3 months ended</b>		<b>as at</b>	
		<b>30 June</b>		<b>30 June</b>	
		<b>2017</b>	<b>2016</b>	<b>2017</b>	<b>2016</b>
		<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>
<b>Sharifah Deborah Sophia Ibrahim</b>	(a)				
Rental expense on premises		102	102	-	-
Sales of apartment suite at ContiNew, Kuala Lumpur	*	803	-	652	-
<b>Datuk Chew Chiaw Han</b>	(b)				
Sales of apartments suite at ContiNew, Kuala Lumpur	*	1,265	-	1,202	-
<b>Ng Cheng Chuan</b>	(c)				
Sales of apartment suite at ContiNew, Kuala Lumpur	*	1,087	-	1,032	-
<b>Ng Kee Tiong</b>	(d)				
Sales of apartments suite at ContiNew, Kuala Lumpur	*	1,594	-	1,514	-
<b>Global Makna Sdn Bhd</b>	(e)				
Sales of apartments suite at ContiNew, Kuala Lumpur	*	2,697	-	2,563	-
<b>Hiap Ghee Seng Sdn Bhd</b>	(f)				
Rental expense on premises		37	37	-	-



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**15. Related Party Transactions (contd.)**

**Notes**

\* These outstanding balances are not yet due for payment in accordance to the terms and conditions of the Sale & Purchase Agreement.

- (a) Sharifah Deborah Sophia Ibrahim is a major shareholder and Director of the Company.
- (b) Datuk Chew Chiaw Han is a major shareholder and Managing Director of the Company.
- (c) Ng Cheng Chuan is a major shareholder and Director of the Company.
- (d) Ng Kee Tiong is a shareholder and Director of the Company.
- (e) Global Makna Sdn Bhd is a company connected to a Director of the Company.
- (f) 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**

	<b>Unaudited 30 June 2017 RM'000</b>		<b>Audited 31 December 2016 RM'000</b>	
	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)	8,732	8,732	7,639	7,639

**17. Trade and Other Payables**

	<b>Unaudited 30 June 2017 RM'000</b>	<b>Audited 31 December 2016 RM'000</b>
Trade and other payables	35,104	36,973
Provision for projects	30,412	28,707
<b>Total trade and other payables</b>	<b>65,516</b>	<b>65,680</b>



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

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**Review of Performance**

**18. Current Financial Quarter (2Q2017) Vs Corresponding Financial Quarter (2Q2016)**

The Group's revenue for 2Q2017 decreased by 63% to RM22.34 million from RM60.69 million in 2Q2016. The revenue source for both financial quarters are similar, i.e. from the property development segment on recognition from on-going development and completed 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 3-storey shop offices at Tabuan Tranquility Phase 3 and Bintulu Town Square Phase 1, sales of shop lots at Bintulu Town Square and rental income from investment property. The decrease in revenue was mainly due to the key revenue contributing projects are at near completion stage or have been completed during the financial period. Added to that, due to the challenging market conditions that prevailed throughout last year as well as the current financial period have more or less affected sales and hence revenue contribution from development projects. Nevertheless, the Group is confident that the financial results will improve in the remaining quarters as the Group has RM290.80 million unbilled sales and outstanding order book of RM302.64 million as at 30 June 2017.

Other income decreased from RM0.52 million in 2Q2016 to RM0.29 million in 2Q2017. This other income comprised of dividend income earned from investment securities, interest income earned from short term placement with licensed banks, reversal of impairment of trade receivables, tender documents fee and administrative charges for sub-sales and re-financing. The decrease was mainly due to decrease in dividend income earned from investment securities and interest income earned from short term placement with licensed banks.

Administrative expenses increased to RM3.44 million compared to RM2.92 million in 2Q2016. The increase was mainly due to increase in staff costs during the current financial quarter. Other components of the administrative expenses have not varied much compared to those incurred during 2Q2016.

Finance costs decreased to RM0.91 million from RM1.33 million in 2Q2016. The decrease was primarily due to major finance costs are capitalised in property development costs during this reporting quarter.

**19. Current 6-month financial period (6M2017) Vs corresponding 6-month financial period (6M2016)**

The Group's profit before tax for 6M2017 decreased by 73% to RM7.83 million compared to a profit before tax of RM28.93 million recorded in 6M2016.

The Group's revenue for 6M2017 decreased to RM41.40 million from RM99.69 million in 6M2016. The property development segment remains the main contributor of the Group's revenue. Apart from the recognition of revenue from sales of developed vacant land at Tabuan Tranquility Phase 4 in the current financial period, the revenue source for both financial periods are similar, i.e. recognition from on-going development and completed projects namely, 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 offices at Tabuan Tranquility Phase 3 and Bintulu Town Square Phase 1, sales of shop lots at Bintulu Town Square, and rental income from investment property.



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**19. Current 6-month financial period (6M2017) Vs corresponding 6-month financial period (6M2016) (contd.)**

Other income decreased from RM0.79 million to RM0.50 million in 6M2017. The decrease was mainly due to decrease in dividend income earned from investment securities and interest income earned from short term placement with licensed banks.

Administrative expenses increased to RM6.67 million compared to RM5.89 million in 6M2016. The increase was mainly due to increase in staff costs and depreciation expenses during the reporting period. Other components of the administrative expenses have not varied much compared to those incurred during the corresponding period.

Finance costs decreased to RM1.71 million from RM2.72 million in 6M2016. The decrease was primarily due to major finance costs are capitalised in property development costs during this reporting period.

**20. Comparison with Immediate Preceding Quarter's Results**

The Group recorded a profit before tax of RM4.38 million compared to a profit before tax of RM3.45 million recorded in the immediate preceding quarter ended 31 March 2017. The increase was primarily due to the return of positive sales of Tabuan Tranquility Phase 3 commercial properties during the current financial quarter.

The Group's revenue for the current financial quarter ended 30 June 2017 increased to RM22.34 million compared to RM19.06 million in the immediate preceding quarter ended 31 March 2017. The revenue for the current financial quarter 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 offices at Tabuan Tranquility Phase 3 and Bintulu Town Square Phase 1, sales of shop lots at Bintulu Town Square, and rental income from investment property.

Whilst, revenue for the immediate preceding quarter ended 31 March 2017, 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 4, sales of 3-storey shop offices at Tabuan Tranquility Phase 3 and Bintulu Town Square Phase 1, sales of shop lots at Bintulu Town Square, and rental income from investment property.

Other income increased from RM0.21 million in the immediate preceding quarter to RM0.29 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, reversal of impairment of trade receivables, tender documents fees, and administrative charges for sub-sale and refinancing by purchasers.

Administrative expenses increased to RM3.44 million compared to RM3.23 million in the immediate preceding quarter ended 31 March 2017. The increase was mainly due to increase in staffs costs in the current financial quarter. Other components of the administrative expenses have not varied much compared to those incurred during the immediate preceding quarter.



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**21. Retained Earnings**

	<b>Unaudited 30 June 2017 RM'000</b>	<b>Audited 31 December 2016 RM'000</b>
Realised	96,200	82,372
Unrealised	(16,394)	(8,918)
<b>Total retained earnings</b>	<b>79,806</b>	<b>73,454</b>

**22. Profit Before Tax**

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

	<b>3 months ended 30 June</b>		<b>6 months ended 30 June</b>	
	<b>2017 RM'000</b>	<b>2016 RM'000</b>	<b>2017 RM'000</b>	<b>2016 RM'000</b>
Depreciation of property, plant and equipment	397	325	761	659
Dividends income	(71)	(138)	(131)	(264)
Interest expenses	907	1,325	1,705	2,719
Interest income	(72)	(339)	(97)	(397)
Other income	(7)	(39)	(28)	(133)
Reversal of impairment of trade receivables	(141)	-	(248)	-

**23. Group's Prospects**

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

With the current 628 acres of land bank, the Group plans to launch projects mainly comprising residential and commercial properties in 2017 and future years. The Group monitors the market demand for our products and adopts a prudent approach with respect to any new projects. During the financial period, the Group has officially launched its first project in West Malaysia, the CONTINEW, which is located in the Kuala Lumpur City Centre. It is a dynamic mixed development that consists of two residential towers, sitting above a vibrant commercial space. This mixed development is estimated to have a gross development revenue ("GDV") of approximately RM430 million. Added to that, the Tabuan Tranquility Phase 3 and Bintulu Town Square Phase 2 retail outlets have also been launched in the current financial quarter and both these projects are estimated to have GDV of about RM30.16 million.

As for our construction segment, the Group has received and accepted a contract from Jabatan Kerja Raya, Kuching, Sarawak to construct and complete the new Airport at Mukah, Sarawak via Package 2 - Final Formation, Airfield Pavement, Access Road, Landside Infrastructures and Building Works ("Project"). The contract amount for the said Project is about RM302.64 million and shall be completed within 36 months from the date of commencement.





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**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.

**25. Income Tax Expense**

	3 months ended 30 June		6 months ended 30 June	
	2017 RM'000	2016 RM'000	2017 RM'000	2016 RM'000
Current income tax:				
- Malaysian income tax	783	4,824	2,374	7,314
Deferred tax	259	(660)	(1,568)	5
<b>Total income tax expense</b>	<u>1,042</u>	<u>4,164</u>	<u>806</u>	<u>7,319</u>

Income tax is calculated at the Malaysian statutory tax rate of 24% (2016: 24%) 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 lower than the statutory tax rate mainly due to adjustment to deferred tax.

**26. Loans and Borrowings**

	Unaudited As at 30 June 2017 RM'000	Audited As at 31 December 2016 RM'000
<b>Short term borrowings</b>		
Secured: Finance lease liabilities	598	515
Revolving credits	83,300	58,300
Term loans	21,132	23,758
	<u>105,030</u>	<u>82,573</u>
<b>Long term borrowings</b>		
Secured: Finance lease liabilities	1,606	1,049
Term loans	47,387	57,019
	<u>48,993</u>	<u>58,068</u>
<b>Total loans and borrowings</b>	<u>154,023</u>	<u>140,641</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.

**27. Corporate Exercise**

There were no corporate proposals announced and not completed as at the reporting date.

**28. Off Balance Sheet Financial Instruments**

The Group does not have any financial instruments with off balance sheet risk as at 21 August 2017, the latest practicable date which is not earlier than 7 days from the date of this quarterly report.



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**29. Changes in Material Litigation**

There was no known material litigation as at 21 August 2017.

**30. Earnings Per Share**

(a) Basic

	<b>3 months ended</b>		<b>6 months ended</b>	
	<b>30 June</b>		<b>30 June</b>	
	<b>2017</b>	<b>2016</b>	<b>2017</b>	<b>2016</b>
Profit attributable to owners of the parent (RM'000)	3,016	11,355	6,352	19,447
Weighted average number of ordinary shares in issue ('000)	496,406	496,406	496,406	496,406
Basic earnings per share (sen)	0.61	2.29	1.28	3.92

(b) Diluted

The Group has no potential ordinary shares in issue for the quarter under review and therefore, diluted earnings per share is presented as equal to basic earnings per share.

**31. Auditors' Report on Preceding Annual Financial Statements**

The auditors' report on the financial statements for the financial year ended 31 December 2016 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 25 August 2017.