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

CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME
For the nine-month period ended 30 September 2017
(The figures have not been audited)

	Note	Current Quarter 3 months ended 30 September 2017 RM'000	Current Quarter 3 months ended 30 September 2016 RM'000	Cumulative Quarter 9 months ended 30 September 2017 RM'000	Cumulative Quarter 9 months ended 30 September 2016 RM'000
Revenue		28,158	32,431	69,559	132,122
Cost of sales		(18,272)	(20,857)	(43,798)	(83,649)
Gross profit		9,886	11,574	25,761	48,473
Other income		283	256	787	1,050
Administrative expenses		(4,093)	(3,021)	(10,760)	(8,909)
Selling and marketing expenses		(85)	(90)	(263)	(248)
Finance costs		(947)	(1,234)	(2,652)	(3,953)
Profit before tax	23	5,044	7,485	12,873	36,413
Income tax expense	26	(1,288)	(3,037)	(2,094)	(10,356)
Profit for the period		3,756	4,448	10,779	26,057
Other comprehensive income		-	-	-	-
Total comprehensive income for the period		3,756	4,448	10,779	26,057
Profit for the period attributable to :					
Owners of the parent		3,206	4,361	9,558	23,808
Non-controlling interests		550	87	1,221	2,249
		3,756	4,448	10,779	26,057
Total comprehensive income attributable to :					
Owners of the parent		3,206	4,361	9,558	23,808
Non-controlling interests		550	87	1,221	2,249
		3,756	4,448	10,779	26,057

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

CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME (contd.)
For the nine-month period ended 30 September 2017
(The figures have not been audited)

Earnings Per Share attributable to owners of the parent:					
Basic, for profit for the period (Sen)	31	0.65	0.88	1.93	4.80
Diluted, for profit for the period (Sen)	31	0.65	0.88	1.93	4.80

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)

(Incorporated in Malaysia)

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at 30 September 2017 and 31 December 2016

	Note	Unaudited As at 30 September 2017 RM'000	Audited As at 31 December 2016 RM'000
ASSETS			
Property, plant & equipment		15,189	7,367
Land held for property development		44,614	44,587
Investment properties		56,819	56,499
Deferred tax assets		8,970	7,854
Total non-current assets		125,592	116,307
Property development costs		323,448	294,955
Inventories		40,114	44,244
Trade and other receivables	17	35,388	28,223
Other current assets		44,241	30,868
Investment securities	16	-	7,639
Cash and bank balances		15,322	22,912
Total current assets		458,513	428,841
TOTAL ASSETS		584,105	545,148
Equity attributable to owners of the parent			
Share capital		248,203	248,203
Retained earnings	22	83,012	73,454
		331,215	321,657
Non-controlling interests		12,022	10,801
Total Equity		343,237	332,458
LIABILITIES			
Loans and borrowings	27	55,013	58,068
Deferred tax liabilities		2	2
Total non-current liabilities		55,015	58,070
Loans and borrowings	27	118,733	82,573
Trade and other payables	18	60,563	65,680
Other current liabilities		6,557	6,048
Income tax payable		-	319
Total current liabilities		185,853	154,620
Total liabilities		240,868	212,690
TOTAL EQUITY AND LIABILITIES		584,105	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)
(Incorporated in Malaysia)

CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
For the nine-month period ended 30 September 2017
(The figures have not been audited)

	Attributable to owners of the parent			
	Non-distributable	*Distributable*		
	Share capital RM'000	**Retained earnings RM'000**	**Non-Controlling interests RM'000**	**Total equity RM'000**
At 1 January 2016	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
At 31 December 2016	248,203	73,454	10,801	332,458
	=====	=====	=====	=====
At 1 January 2017	248,203	73,454	10,801	332,458
Total comprehensive income	-	9,558	1,221	10,779
At 30 September 2017	248,203	83,012	12,022	343,237
	=====	=====	=====	=====

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)
(Incorporated in Malaysia)

CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS
For the nine-month period ended 30 September 2017
(The figures have not been audited)

	9 months ended 30 September 2017 RM'000	2016 RM'000
CASH FLOWS FROM OPERATING ACTIVITIES		
Profit before tax	12,873	36,413
Adjustments for:		
Depreciation of property, plant and equipment	1,190	991
Dividend income	(189)	(422)
Interest expenses	2,652	3,953
Interest income	(144)	(445)
Reversal of impairment of trade receivables	(411)	-
Operating profit before working capital changes	15,971	40,490
Changes in working capital:		
Land held for property development	(27)	(118)
Investment properties	(320)	-
Property development costs	(28,378)	(10,806)
Inventories	4,130	2,657
Receivables	(6,754)	23,133
Other current assets	(6,878)	(8,930)
Payables	(5,117)	(15,742)
Other current liabilities	509	2,368
Deposits pledged for bank borrowings	870	(28)
Cash (used in)/generated from operations	(25,994)	33,024
Interest paid	(2,652)	(3,953)
Interest received	144	445
Taxes paid	(10,144)	(20,616)
Taxes refunded	120	124
Net cash (used in)/generated from operating activities	(38,526)	9,024
CASH FLOWS FROM INVESTING ACTIVITIES		
Deposits with maturity more than 3 months	(36)	9,951
Dividend received	189	422
Proceeds from disposal of investment securities	13,666	5,000
Proceeds from shares issued to non-controlling interests	-	26
Purchase of investment securities	(6,027)	(20,140)
Purchase of property, plant and equipment	(1,597)	(143)
Net cash generated from/(used in) investing activities	6,195	(4,884)

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

CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS (contd.)
For the nine-month period ended 30 September 2017
(The figures have not been audited)

	9 months ended 30 September	
	2017	**2016**
	RM'000	**RM'000**
CASH FLOWS FROM FINANCING ACTIVITIES		
Dividends paid to non-controlling interests	-	(1,000)
Proceeds from loans and borrowings	75,750	10,400
Repayment of finance leases	(555)	(330)
Repayment of loans and borrowings	(49,620)	(23,658)
Net cash generated from/(used in) financing activities	25,575	(14,588)
Net decrease in cash and cash equivalents	(6,756)	(10,448)
Cash and cash equivalents at beginning of financial period	20,346	35,633
Cash and cash equivalents at end of financial period	13,590	25,185

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

	As at 30 September	
	2017	**2016**
	RM'000	**RM'000**
Cash and bank balances	15,322	27,438
Less:		
Deposits with maturity more than 3 months	(1,379)	(1,343)
Deposits pledged for bank borrowings	(353)	(910)
Cash and cash equivalents	13,590	25,185

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.

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 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.

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 September 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 September 2017.

6. Property, Plant and Equipment

Acquisition and Disposals

During the nine months ended 30 September 2017, the Group acquired property, plant and equipment with an aggregate cost of RM7,529,600 (nine months ended 30 September 2016: RM430,000) by means of finance lease. The cash outflow on acquisition of property, plant and equipment amounted to RM1,597,585 during the nine months ended 30 September 2017 (nine months ended 30 September 2016: RM143,541).

There was no disposal and write off during the nine months ended 30 September 2017 (nine months ended 30 September 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 September 2017.

8. Dividend Paid

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

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 September 2017 (3Q2017) and 3 months ended 30 September 2016 (3Q2016) are as follows:

	Property development activities		Property holding & management		Construction works		Elimination		Per consolidated financial statements	
	3Q2017 RM'000	3Q2016 RM'000	3Q2017 RM'000	3Q2016 RM'000	3Q2017 RM'000	3Q2016 RM'000	3Q2017 RM'000	3Q2016 RM'000	3Q2017 RM'000	3Q2016 RM'000
Revenue:										
External customers	27,199	31,632	959	799	-	-	-	-	28,158	32,431
Inter-segment	-	-	-	-	12,903	16,325	(12,903)	(16,325)	-	-
Total revenue	27,199	31,632	959	799	12,903	16,325	(12,903)	(16,325)	28,158	32,431
Segment profit/(loss)	2,959	3,399	564	416	(578)	592	2,099	3,078	5,044	7,485

9. Segmental Information (contd.)

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

	3Q2017 RM'000	3Q2016 RM'000
Segment profit	5,991	8,719
Finance costs	(947)	(1,234)
Profit before tax	5,044	7,485

Results for 9 months ended 30 September 2017 (9M2017) and 9 months ended 30 September 2016 (9M2016) are as follows:

	Property development activities		Property holding & management		Construction works		Elimination		Per consolidated financial statements	
	9M2017 RM'000	9M2016 RM'000	9M2017 RM'000	9M2016 RM'000	9M2017 RM'000	9M2016 RM'000	9M2017 RM'000	9M2016 RM'000	9M2017 RM'000	9M2016 RM'000
Revenue:										
External customers	66,853	129,724	2,706	2,398	-	-	-	-	69,559	132,122
Inter-segment	-	-	-	-	44,665	69,031	(44,665)	(69,031)	-	-
Total revenue	66,853	129,724	2,706	2,398	44,665	69,031	(44,665)	(69,031)	69,559	132,122
Segment profit/(loss)	8,636	24,792	1,636	1,385	(1,066)	1,113	3,667	9,123	12,873	36,413

9. Segmental Information (contd.)

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

	9M2017 RM'000	9M2016 RM'000
Segment profit	15,525	40,366
Finance costs	(2,652)	(3,953)
Profit before tax	12,873	36,413
	=====	=====

10. Event After the Reporting Period

On 4 October 2017, the Company has incorporated a joint venture company, Ibraco Help Education Sdn Bhd ("IHESB"). IHESB's issued and paid-up capital of RM100 is 49% owned by the Company and the balance of 51% is owned by Help Education Services Sdn Bhd. The intended principal activity of IHESB is to provide education at primary, secondary and pre-university levels alone or in conjunction with either local and foreign institutions.

11. Changes in Composition of the Group

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

12. Changes in Contingent Liabilities and Contingent Assets

Contingent Liabilities

Unsecured:

	Unaudited 30 September 2017 RM'000	Audited 31 December 2016 RM'000
Corporate guarantees to financial institutions in respect of banking facilities granted to subsidiary companies	131,224	52,800

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

	As at 30 September 2017 RM'000	2016 RM'000
Approved and contracted for:		
Investment properties	69	1,990
Purchase of machineries	1,378	-
Total	1,447	1,990

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 September	
	2017	2016
	RM'000	RM'000
Directors	365	369
Key management personnel	663	287

15. Related Party Transactions

The related party transactions are as follows:

		Transaction value 3 months ended 30 September		Balance outstanding as at 30 September	
		2017	2016	2017	2016
	Note	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	-	-
Liu Tow Hua	(c)				
Sales of SOHO Commercial at Tabuan Tranquility Phase 3	*	137	-	130	-
Liu Sze Leh	(d)				
Sales of apartment suite at ContiNew, Kuala Lumpur	*	651	-	585	-

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) Hiap Ghee Seng Sdn Bhd is a company connected to the Directors of the Company and of its subsidiary.

(c) Liu Tow Hua is a Director of the Company.

(d) Liu Sze Leh is a person connected to Liu Tow Hua, a Director of the Company.

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 September 2017 RM'000		Audited 31 December 2016 RM'000	
	Carrying amount	Fair value of quoted securities	Carrying amount	Fair value of quoted securities
Financial assets at fair value through profit or loss				
- Unit trusts (quoted in Malaysia)	-	-	7,639	7,639

17. Trade and Other Receivables

	Unaudited 30 September 2017 RM'000	Audited 31 December 2016 RM'000
Trade receivables		
Third parties	27,821	25,479
Less: Allowance for impairment	(1,299)	(1,710)
Trade receivables, net	26,522	23,769
Other receivables		
Third parties	3,374	2,901
Deposits	5,589	1,639
Dividend receivables from investment securities	9	20
	8,972	4,560
Less: Allowance for impairment – third parties	(106)	(106)
Other receivables, net	8,866	4,454
Total trade and other receivables	35,388	28,223

Ageing analysis of trade receivables

	Unaudited 30 September 2017 RM'000	Audited 31 December 2016 RM'000
Neither past due nor impaired	17,805	15,791
1 to 69 days past due but not impaired	7,023	5,663
More than 70 days but not impaired	1,645	2,294
Impaired	1,348	1,731
Total trade receivables	27,821	25,479

Trade receivables are non-interest bearing and are generally on 14-day terms. Other credit terms are assessed and approved on a case-by case basis. The Group has trade receivables amounting to RM8.67 million that are past due at the reporting date but not impaired. Due to the good credit standing of trade receivables, the Group believes that generally no further allowance for impairment is necessary in respect of trade receivables that are past due.

18. Trade and Other Payables

	Unaudited 30 September 2017 RM'000	Audited 31 December 2016 RM'000
Trade and other payables	30,864	36,973
Provision for projects	29,699	28,707
Total trade and other payables	60,563	65,680

Review of Performance

19. Current Financial Quarter (3Q2017) Vs Corresponding Financial Quarter (3Q2016)

	Current Quarter 3 months ended 30 September			
	2017	2016	Changes	
	RM'000	RM'000	RM'000	%
Revenue	28,158	32,431	(4,273)	(13)
Operating profit	9,886	11,574	(1,688)	(15)
Profit before interest and tax	5,991	8,719	(2,728)	(31)
Profit before tax	5,044	7,485	(2,441)	(33)
Profit after tax	3,756	4,448	(692)	(16)
Profit for the period attributable to owners of the parent	3,206	4,361	(1,155)	(26)

The Group's revenue for 3Q2017 decreased by 13% to RM28.16 million from RM32.43 million in 3Q2016. Apart from the recognition of revenue from sales of Small Office Home Office ("SOHO") and SOHO Commercial at Tabuan Tranquility Phase 3 and Bintulu Town Square in 3Q2017, and recognition of revenue from sales of 3-storey shop offices at Bintulu Town Square Phase 1 in 3Q2016, 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, sales of shop lots at Bintulu Town Square and rental income from investment properties. 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 quarter as the Group has RM206.42 million unbilled sales and outstanding order book of RM292.18 million as at 30 September 2017.

Other income increased from RM0.26 million in 3Q2016 to RM0.28 million in 3Q2017. 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 increase was mainly due to reversal of impairment of trade receivables during the financial quarter.

Administrative expenses increased to RM4.09 million compared to RM3.02 million in 3Q2016. The increase was mainly due to increase in staff costs and depreciation expenses during the current financial quarter. Other components of the administrative expenses have not varied much compared to those incurred during 3Q2016.

Finance costs decreased to RM0.95 million from RM1.23 million in 3Q2016. The decrease was primarily due to major finance costs are capitalised in property development costs during this reporting quarter.

20. Current 9-month financial period (9M2017) Vs corresponding 9-month financial period (9M2016)

	Cumulative Quarter 9 months ended 30 September		Changes	
	2017 RM'000	2016 RM'000	RM'000	%
Revenue	69,559	132,122	(62,563)	(47)
Operating profit	25,761	48,473	(22,712)	(47)
Profit before interest and tax	15,525	40,366	(24,841)	(62)
Profit before tax	12,873	36,413	(23,540)	(65)
Profit after tax	10,779	26,057	(15,278)	(59)
Profit for the period attributable to owners of the parent	9,558	23,808	(14,250)	(60)

The Group's profit before tax for 9M2017 decreased by 65% to RM12.87 million compared to a profit before tax of RM36.41 million recorded in 9M2016.

The Group's revenue for 9M2017 decreased to RM69.56 million from RM132.12 million in 9M2016. 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, sales of SOHO and SOHO Commercial at Tabuan Tranquility Phase 3 and Bintulu Town Square 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 properties.

Other income decreased from RM1.05 million to RM0.79 million in 9M2017. 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 RM10.76 million compared to RM8.91 million in 9M2016. 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 RM2.65 million from RM3.95 million in 9M2016. The decrease was primarily due to major finance costs are capitalised in property development costs during this reporting period.

21. Comparison with Immediate Preceding Quarter's Results

	Current Quarter 3 months ended 30 September 2017 RM'000	Immediate Preceding Quarter 3 months ended 30 June 2017 RM'000	Changes RM'000	%
Revenue	28,158	22,338	5,820	26
Operating profit	9,886	8,551	1,335	16
Profit before interest and tax	5,991	5,282	709	13
Profit before tax	5,044	4,375	669	15
Profit after tax	3,756	3,333	423	13
Profit for the period attributable to owners of the parent	3,206	3,016	190	6

The Group recorded a profit before tax of RM5.04 million compared to a profit before tax of RM4.38 million recorded in the immediate preceding quarter ended 30 June 2017. The increase was primarily due to the return of positive sales of Tabuan Tranquility Phase 3 commercial properties and recognition of revenue from sales of SOHO and SOHO Commercial at Tabuan Tranquility Phase 3 and Bintulu Town Square during the current financial quarter.

The Group's revenue for the current financial quarter ended 30 September 2017 increased to RM28.16 million compared to RM22.34 million in the immediate preceding quarter ended 30 June 2017. The revenue for the current financial quarter was primarily recognised from the sales of SOHO and SOHO Commercial at Tabuan Tranquility Phase 3 and Bintulu Town Square, sales 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, sales of shop lots at Bintulu Town Square, and rental income from investment property.

Whilst, revenue for the immediate preceding quarter ended 30 June 2017, was recognised from 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 properties.

Other income decreased from RM0.29 million in the immediate preceding quarter to RM0.28 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 RM4.09 million compared to RM3.44 million in the immediate preceding quarter ended 30 June 2017. The increase was mainly due to increase in staffs costs and depreciation expenses in the current financial quarter. Other components of the administrative expenses have not varied much compared to those incurred during the immediate preceding quarter.

22. Retained Earnings

	Unaudited 30 September 2017 RM'000	Audited 31 December 2016 RM'000
Realised	98,079	82,372
Unrealised	(15,067)	(8,918)
Total retained earnings	83,012	73,454

23. Profit Before Tax

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

	3 months ended 30 September		9 months ended 30 September	
	2017 RM'000	2016 RM'000	2017 RM'000	2016 RM'000
Depreciation of property, plant and equipment	429	332	1,190	991
Dividends income	(58)	(158)	(189)	(422)
Interest expenses	947	1,234	2,652	3,953
Interest income	(47)	(48)	(144)	(445)
Other income	(15)	(50)	(43)	(183)
Reversal of impairment of trade receivables	(163)	-	(411)	-

24. 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 period and both these projects are estimated to have GDV of about RM30.16 million.

On 11 September 2017, the Group had entered into separate sale and purchase agreements ("SPA") with Milan Sanctuary Sdn Bhd and Jurapat Sdn Bhd on the proposed acquisition of leasehold vacant lands measuring aggregate area of 15,811.66 square meter located at Bandar Petaling Jaya Selatan, Daerah Petaling and fronting onto Baru Pantai Highway ("the Land") for aggregate consideration of RM37,442,928.00. The Land is approved for mixed commercial development and the Board of Directors had identified the Land as an appropriate and strategic investment which will enhance the future earning potential of the Group and its presence in West Malaysia.

24. Group's Prospects (contd.)

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 11th August 2017.

25. 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.

26. Income Tax Expense

	3 months ended 30 September		9 months ended 30 September	
	2017	**2016**	**2017**	**2016**
	RM'000	**RM'000**	**RM'000**	**RM'000**
Current income tax:				
- Malaysian income tax	836	6,424	3,210	13,738
- Under provision in respect of previous years	-	3,022	-	3,022
	836	9,446	3,210	16,760
Deferred tax	452	(6,409)	(1,116)	(6,404)
Total income tax expense	1,288	3,037	2,094	10,356

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 9 months financial period are lower than the statutory tax rate mainly due to adjustment to deferred tax.

27. Loans and Borrowings

	Unaudited As at 30 September 2017 RM'000	**Unaudited As at 30 September 2016 RM'000**	**Audited As at 31 December 2016 RM'000**
Short term borrowings			
Secured: Finance lease liabilities	1,836	529	515
Revolving credits	97,850	53,700	58,300
Term loans	19,047	24,426	23,758
	118,733	78,655	82,573
Long term borrowings			
Secured: Finance lease liabilities	6,703	1,166	1,049
Term loans	48,310	62,444	57,019
	55,013	63,610	58,068
Total loans and borrowings	173,746	142,265	140,641

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

27. Loans and Borrowings (contd.)

The Group did not issue any debt securities.

The Group total loans and borrowings for the current financial period as at 30 September 2017 has increased by RM31.48 million as compared to the corresponding financial period. The increase was mainly due to drawdown of financing facilities for the on-going projects, namely CONTINEW and Tabuan Tranquility Phase 3 as well as purchased of machineries for new Mukah Airport project by means of finance lease.

28. Corporate Exercise

On 23 November 2017, the Company has entered into a sale and purchase agreement with its major shareholder, Hiap Ghee Seng Sdn Bhd on the proposed sale of a proposed eight (8)-storey strata titled corporate office (with linked car parking structure and amenities) held under Survey Parent Lot 3741 of Master Parent Lot 2975 (to be known as Lot 3146) Block 12 Muara Tebas Land District, for a cash consideration of RM25,500,000. The proposal is subject to shareholders and relevant regulatory authorities' approval. The proposal is expected to be completed in the second quarter of 2020.

29. Off Balance Sheet Financial Instruments

The Group does not have any financial instruments with off balance sheet risk as at 20 November 2017, the latest practicable date which is not earlier than 7 days from the date of this quarterly report.

30. Changes in Material Litigation

There was no known material litigation as at 20 November 2017.

31. Earnings Per Share

(a) Basic

	3 months ended 30 September		**9 months ended 30 September**	
	2017	**2016**	**2017**	**2016**
Profit attributable to owners of the parent (RM'000)	3,206	4,361	9,558	23,808
Weighted average number of ordinary shares in issue ('000)	496,406	496,406	496,406	496,406
Basic earnings per share (sen)	0.65	0.88	1.93	4.80

(b) Diluted

There are no dilutive potential ordinary shares. As such, the diluted earnings per share of the Group is equal to basic earnings per share.

32. 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.

33. 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 23 November 2017.