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

CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME
For the quarter and year ended 31 December 2017
(The figures have not been audited)

	Note	Current Quarter 3 months ended 31 December 2017 RM'000	Current Quarter 3 months ended 31 December 2016 RM'000	Cumulative Quarter 12 months ended 31 December 2017 RM'000	Cumulative Quarter 12 months ended 31 December 2016 RM'000
Revenue		57,040	26,648	126,599	158,770
Cost of sales		(43,773)	(18,161)	(87,571)	(101,810)
Gross profit		13,267	8,487	39,028	56,960
Other income		150	652	937	1,702
Administrative expenses		(6,306)	(4,499)	(17,066)	(13,408)
Selling and marketing expenses		(202)	(105)	(465)	(353)
Finance costs		(811)	(570)	(3,463)	(4,523)
Profit before tax	23	6,098	3,965	18,971	40,378
Income tax expense	26	(1,945)	(997)	(4,039)	(11,353)
Profit for the period/year		4,153	2,968	14,932	29,025
Other comprehensive income		-	-	-	-
Total comprehensive income for the period/year		4,153	2,968	14,932	29,025
Profit for the period attributable to :					
Owners of the parent		4,480	3,266	14,038	27,074
Non-controlling interests		(327)	(298)	894	1,951
		4,153	2,968	14,932	29,025
Total comprehensive income attributable to :					
Owners of the parent		4,480	3,266	14,038	27,074
Non-controlling interests		(327)	(298)	894	1,951
		4,153	2,968	14,932	29,025

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

CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME (contd.)
For the quarter and year ended 31 December 2017
(The figures have not been audited)

Earnings Per Share attributable to owners of the parent:					
Basic, for profit for the period/year (Sen)	31	0.90	0.66	2.83	5.45
Diluted, for profit for the period/year (Sen)	31	0.90	0.66	2.83	5.45

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 31 December 2017 and 31 December 2016

	Note	Unaudited As at 31 December 2017 RM'000	Audited As at 31 December 2016 RM'000
ASSETS			
Property, plant & equipment		20,994	7,367
Land held for property development		44,614	44,587
Investment properties		63,495	56,499
Deferred tax assets		10,100	7,854
Total non-current assets		139,203	116,307
Property development costs		263,291	294,955
Inventories		87,967	44,244
Trade and other receivables	18	42,266	28,223
Other current assets		44,240	30,868
Investment securities	17	9	7,639
Cash and bank balances		33,399	22,912
Total current assets		471,172	428,841
TOTAL ASSETS		610,375	545,148
Equity attributable to owners of the parent			
Share capital		248,203	248,203
Retained earnings		77,564	73,454
		325,767	321,657
Non-controlling interests		11,095	10,801
Total Equity		336,862	332,458
LIABILITIES			
Loans and borrowings	27	51,959	58,068
Deferred tax liabilities		-	2
Total non-current liabilities		51,959	58,070
Loans and borrowings	27	128,612	82,573
Trade and other payables	19	85,997	65,680
Other current liabilities		6,945	6,048
Income tax payable		-	319
Total current liabilities		221,554	154,620
Total liabilities		273,513	212,690
TOTAL EQUITY AND LIABILITIES		610,375	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 year ended 31 December 2017
(The figures have not been audited)

	Attributable to owners of the parent			
	Non-distributable **Share capital RM'000**	*Distributable* **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	-	14,038	894	14,932
Dividends on ordinary shares	-	(9,928)	-	(9,928)
Dividends paid to non-controlling interests	-	-	(600)	(600)
At 31 December 2017	248,203	77,564	11,095	336,862

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 year ended 31 December 2017
(The figures have not been audited)

	12 months ended 31 December 2017 RM'000	2016 RM'000
CASH FLOWS FROM OPERATING ACTIVITIES		
Profit before tax	18,971	40,378
Adjustments for:		
Bad debts written off	-	2
Deposits written off	-	9
Depreciation of property, plant and equipment	1,568	1,340
Dividend income	(192)	(538)
Fair value gain on investment properties	(24)	(400)
Gain on disposal of property, plant and equipment	(28)	-
Interest expenses	3,463	4,523
Interest income	(187)	(526)
Property, plant and equipment written off	455	-
Reversal of impairment of trade receivables	(432)	-
Operating profit before working capital changes	23,594	44,788
Changes in working capital:		
Land held for property development	(27)	90
Property development costs	29,432	19,376
Inventories	(45,400)	(37,732)
Receivables	(13,611)	18,596
Other current assets	(8,409)	3,213
Payables	10,389	(9,464)
Other current liabilities	897	5,822
Deposits pledged for bank borrowings	870	(341)
Cash (used in)/generated from operations	(2,265)	44,348
Interest paid	(3,463)	(8,197)
Interest received	187	526
Taxes paid	(11,689)	(22,612)
Taxes refunded	120	434
Net cash (used in)/generated from operating activities	(17,110)	14,499
CASH FLOWS FROM INVESTING ACTIVITIES		
Deposits with maturity more than 3 months	(36)	9,951
Dividend received	192	538
Expenditure incurred on investment properties under construction	(6,972)	(4,399)
Proceeds from disposal of investment securities	13,666	18,000
Proceeds from disposal of property, plant and equipment	28	-
Purchase of investment securities	(6,036)	(20,163)
Purchase of property, plant and equipment	(2,172)	(152)
Net cash (used in)/generated from investing activities	(1,330)	3,775

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

CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS (contd.)
For the year ended 31 December 2017
(The figures have not been audited)

	12 months ended 31 December	
	2017	**2016**
	RM'000	**RM'000**
CASH FLOWS FROM FINANCING ACTIVITIES		
Dividends paid on ordinary shares	-	(17,374)
Dividends paid to non-controlling interests	(600)	(1,000)
Proceeds from loans and borrowings	90,021	8,200
Proceeds from issuance of shares	-	26
Repayment of finance leases	(1,081)	(461)
Repayment of loans and borrowings	(58,579)	(22,952)
Net cash generated from / (used in) financing activities	29,761	(33,561)
Net increase / (decrease) in cash and cash equivalents	11,321	(15,287)
Cash and cash equivalents at beginning of financial year	20,346	35,633
Cash and cash equivalents at end of financial year	31,667	20,346

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

	As at 31 December	
	2017	**2016**
	RM'000	**RM'000**
Cash and bank balances	33,399	22,912
Less:		
Deposits with maturity more than 3 months	(1,379)	(1,343)
Deposits pledged for bank borrowings	(353)	(1,223)
Cash and cash equivalents	31,667	20,346

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').

2. Changes in Accounting Policies (contd.)

Malaysian Financial Reporting Standards (MFRS Framework) (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 31 December 2017.

5. Significant Estimates and Changes in Estimates

There were no changes in estimates that have had any material effect on the quarter ended 31 December 2017.

6. Property, Plant and Equipment

Acquisition and Disposals

During the year ended 31 December 2017, the Group acquired property, plant and equipment with an aggregate cost of RM9,568,800 (year months ended 31 December 2016: RM430,000) by means of finance lease. The cash outflow on acquisition of property, plant and equipment amounted to RM2,171,632 during the year ended 31 December 2017 (year ended 31 December 2016: RM151,939).

Property, plant and equipment with the carrying amount of RM 1 was disposed off during the year ended 31 December 2017 (year ended 31 December 2016: RM 1), resulting in a gain on disposal of RM28,301 which was included in other income (year ended 31 December 2016: RM471).

Property, plant and equipment with the carrying amount of RM454,586 were written off during the year ended 31 December 2017, and the amount was included in the administrative expenses. There were no property, plant and equipment written off during the year ended 31 December 2016.

7. Debt and Equity Securities

Except for those disclosed in Note 17, there were no other issuances, cancellations, repurchases, resale and repayments of debt and equity securities during the quarter ended 31 December 2017.

8. Dividend Paid

There was no dividend paid during the quarter ended 31 December 2017.

9. Dividend Payable

The Board of Directors of the Company had on 28 December 2017 approved a single tier first interim dividend of 2.00 sen per ordinary share for the financial year ending 31 December 2017 (financial year ended 31 December 2016: 3.50 sen). The dividend was paid on 31 January 2018 to shareholders whose name appear in the Register of Depositors on 22 January 2018.

10. 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 31 December 2017 (4Q2017) and 3 months ended 31 December 2016 (4Q2016) are as follows:

	Property development activities		Property holding & management		Construction works		Elimination		Per consolidated financial statements	
	4Q2017 RM'000	4Q2016 RM'000	4Q2017 RM'000	4Q2016 RM'000	4Q2017 RM'000	4Q2016 RM'000	4Q2017 RM'000	4Q2016 RM'000	4Q2017 RM'000	4Q2016 RM'000
Revenue:										
External customers	43,710	25,785	996	863	12,334	-	-	-	57,040	26,648
Inter-segment	-	-	-	-	13,374	23,017	(13,374)	(23,017)	-	-
Total revenue	43,710	25,785	996	863	25,708	23,017	(13,374)	(23,017)	57,040	26,648
Segment profit/(loss)	1,557	(138)	634	541	1,623	87	2,284	3,475	6,098	3,965

10. Segmental Information (contd.)

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

	4Q2017 RM'000	4Q2016 RM'000
Segment profit	6,909	4,535
Finance costs	(811)	(570)
Profit before tax	6,098	3,965

Results for 12 months ended 31 December 2017 (12M2017) and 12 months ended 31 December 2016 (12M2016) are as follows:

	Property development activities		Property holding & management		Construction works		Elimination		Per consolidated financial statements	
	12M2017 RM'000	12M2016 RM'000	12M2017 RM'000	12M2016 RM'000	12M2017 RM'000	12M2016 RM'000	12M2017 RM'000	12M2016 RM'000	12M2017 RM'000	12M2016 RM'000
Revenue:										
External customers	110,563	155,509	3,702	3,261	12,334	-	-	-	126,599	158,770
Inter-segment	-	-	-	-	58,039	92,048	(58,039)	(92,048)	-	-
Total revenue	110,563	155,509	3,702	3,261	70,373	92,048	(58,039)	(92,048)	126,599	158,770
Segment profit/(loss)	10,193	24,654	2,270	1,926	557	1,200	5,951	12,598	18,971	40,378

10. Segmental Information (contd.)

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

	12M2017 RM'000	12M2016 RM'000
Segment profit	22,434	44,901
Finance costs	(3,463)	(4,523)
Profit before tax	18,971	40,378

11. Event After the Reporting Period

There are no material events subsequent to the reporting date that have any material effect on the quarter ended 31 December 2017.

12. Changes in Composition of the Group

On 4 October 2017, the Company has incorporated a joint venture company, IBRACO HELP Education Sdn Bhd ("IHESB"). IHESB's initial 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 or foreign institutions.

On 27 February 2018, IHESB has incorporated a joint venture company, HELP IBRACO CMS Sdn Bhd ("HICMS"). HICMS's initial paid-up capital of RM100,000 is 70% owned by IHESB and the balance of 30% is owned by CMS Education Sdn Bhd. The intended principal activity of HICMS is to provide education at primary, secondary and pre-university levels alone or in conjunction with either local or foreign institutions.

13. Changes in Contingent Liabilities and Contingent Assets

Contingent Liabilities

Unsecured:

	Unaudited 31 December 2017 RM'000	Audited 31 December 2016 RM'000
Corporate guarantees to financial institutions in respect of banking facilities granted to subsidiary companies	130,918	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.

14. Capital Commitments

	As at 31 December	
	2017	**2016**
	RM'000	**RM'000**
Approved and contracted for:		
Investment properties	1,293	328
Property, plant and equipment	25,382	-
Total	26,675	328
Approved and but not contracted for:		
Investment properties	43,850	-

15. 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 31 December	
	2017	**2016**
	RM'000	**RM'000**
Directors	366	369
Key management personnel	914	569

16. Related Party Transactions

The related party transactions are as follows:

		Transaction value 3 months ended 31 December		Balance outstanding as at 31 December	
		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	-	-
Sales of 8-storey strata titled corporate office at NorthBank		25,500	-	25,500	-

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 Director of the Company and of its subsidiary and is also a major shareholder 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.

17. Investment Securities

	Unaudited 31 December 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)	9	9	7,639	7,639

18. Trade and Other Receivables

	Unaudited 31 December 2017 RM'000	Audited 31 December 2016 RM'000
Trade receivables		
Third parties	31,383	25,479
Less: Allowance for impairment	(1,278)	(1,710)
Trade receivables, net	30,105	23,769
Other receivables		
Third parties	3,659	2,901
Deposits	8,608	1,639
Dividend receivables from investment securities	-	20
	12,267	4,560
Less: Allowance for impairment – third parties	(106)	(106)
Other receivables, net	12,161	4,454
Total trade and other receivables	42,266	28,223

Ageing analysis of trade receivables

	Unaudited 31 December 2017 RM'000	Audited 31 December 2016 RM'000
Neither past due nor impaired	7,296	15,791
1 to 69 days past due but not impaired	16,857	5,663
More than 70 days but not impaired	5,943	2,294
Impaired	1,287	1,731
Total trade receivables	31,383	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 RM22.80 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.

19. Trade and Other Payables

	Unaudited 31 December 2017 RM'000	Audited 31 December 2016 RM'000
Trade and other payables	53,540	36,973
Provision for projects	32,457	28,707
Total trade and other payables	85,997	65,680

Review of Performance

20. Current Financial Quarter (4Q2017) Vs Corresponding Financial Quarter (4Q2016)

	Current Quarter 3 months ended 31 December 2017 RM'000	2016 RM'000	Changes RM'000	%
Revenue	57,040	26,648	30,392	114
Operating profit	13,267	8,487	4,780	56
Profit before interest and tax	6,909	4,535	2,374	52
Profit before tax	6,098	3,965	2,133	54
Profit after tax	4,153	2,968	1,185	40
Profit for the period attributable to owners of the parent	4,480	3,266	1,214	37

The Group's revenue for 4Q2017 increased by 114% to RM57.04 million from RM26.65 million in 4Q2016. During this reporting quarter, the Group's revenue was primarily recognised from the sales of Small Office Home Office ("SOHO") and SOHO Commercial at Tabuan Tranquility Phase 3 and Bintulu Town Square, sales of apartment suites at CONTINEW, Kuala Lumpur, 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, sales of shop lots at Bintulu Town Square, construction of the new Airport at Mukah, Sarawak and rental income from investment properties.

Whilst, the Group's revenue for 4Q2016 was mainly 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 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 properties.

Other income decreased from RM0.65 million in 4Q2016 to RM0.15 million in 4Q2017. 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, gain in fair value of investment property, tender documents fee and administrative charges for sub-sales and re-financing. The decrease was mainly due to gain in fair value of one of the investment properties in 4Q2016.

Administrative expenses increased to RM6.31 million compared to RM4.50 million in 4Q2016. The increase was mainly due to increase in staff costs and property, plant and equipment written off during the current financial quarter. Other components of the administrative expenses have not varied much compared to those incurred during 4Q2016.

Finance costs increased to RM0.81 million from RM0.57 million in 4Q2016. The increase was primarily due to major finance costs incurred for completed projects are expensed off to statement of comprehensive income during this reporting quarter.

21. Current 12-month financial period (12M2017) Vs corresponding 12-month financial period (12M2016)

	Cumulative Quarter 12 months ended 31 December		Changes	
	2017	**2016**		
	RM'000	**RM'000**	**RM'000**	**%**
Revenue	126,599	158,770	(32,171)	(20)
Operating profit	39,028	56,960	(17,932)	(31)
Profit before interest and tax	22,434	44,901	(22,467)	(50)
Profit before tax	18,971	40,378	(21,407)	(53)
Profit after tax	14,932	29,025	(14,093)	(49)
Profit for the period attributable to owners of the parent	14,038	27,074	(13,036)	(48)

The Group's profit before tax for 12M2017 decreased by 53% to RM18.97 million compared to a profit before tax of RM40.38 million recorded in 12M2016.

The Group's revenue for 12M2017 decreased to RM126.60 million from RM158.77 million in 12M2016. 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, sales of apartment suites at CONTINEW, Kuala Lumpur and construction of the new Airport at Mukah, Sarawak 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.

The decrease in revenue was mainly due to the key revenue contributing projects are either have been completed or at the initial construction stage during the financial period. Added to that, the prevailing challenging market conditions also affected sales and hence revenue contribution from development projects. Nevertheless, the Group is confident that the financial results will improve in next financial year as the Group has RM194.71 million unbilled sales and outstanding order book of RM281.16 million as at 31 December 2017.

Other income decreased from RM1.70 million to RM0.94 million in 12M2017. The decrease was mainly due to decrease in dividend income earned from investment securities, interest income earned from short term placement with licensed banks and fair value gain from one of the investment properties.

Administrative expenses increased to RM17.07 million compared to RM13.41 million in 12M2016. The increase was mainly due to increase in staff costs, depreciation and property, plant and equipment written off 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 RM3.46 million from RM4.52 million in 12M2016. The decrease was primarily due to major finance costs are capitalised in property development costs during this reporting period.

22. Comparison with Immediate Preceding Quarter's Results

	Current Quarter 3 months ended 31 December 2017 RM'000	Immediate Preceding Quarter 3 months ended 30 September 2017 RM'000	Changes RM'000	Changes %
Revenue	57,040	28,158	28,882	103
Operating profit	13,267	9,886	3,381	34
Profit before interest and tax	6,909	5,991	918	15
Profit before tax	6,098	5,044	1,054	21
Profit after tax	4,153	3,756	397	11
Profit for the period attributable to owners of the parent	4,480	3,206	1,274	40

The Group recorded a profit before tax of RM6.10 million compared to a profit before tax of RM5.04 million recorded in the immediate preceding quarter ended 30 September 2017. The increase was primarily due to recognition of revenue from sales of apartment suites at CONTINEW, Kuala Lumpur and construction of the new Airport at Mukah, Sarawak during the current financial quarter.

The Group's revenue for the current financial quarter ended 31 December 2017 increased to RM57.04 million compared to RM28.16 million in the immediate preceding quarter ended 30 September 2017. Apart from the recognition of revenue from sales of apartment suites at CONTINEW, Kuala Lumpur and construction of the new Airport at Mukah, Sarawak in the current financial quarter, the revenue source for both financial quarters are similar, i.e. recognition from on-going development and completed projects namely, sales of SOHO and SOHO Commercial at Tabuan Tranquility Phase 3 and Bintulu Town Square, 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, sales of shop lots at Bintulu Town Square, and rental income from investment properties.

Other income decreased from RM0.28 million in the immediate preceding quarter to RM0.15 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 RM6.31 million compared to RM4.09 million in the immediate preceding quarter ended 30 September 2017. The increase was mainly due to increase in staffs costs, provision for bonus, corporate social responsibility expenses and property, plant and equipment written off in the current financial quarter. Other components of the administrative expenses have not varied much compared to those incurred during the immediate preceding quarter.

23. Profit Before Tax

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

	3 months ended 31 December		12 months ended 31 December	
	2017 RM'000	2016 RM'000	2017 RM'000	2016 RM'000
Depreciation of property, plant and equipment	378	349	1,568	1,340
Dividend income	(3)	(116)	(192)	(538)
Fair value gain on investment property	(24)	(400)	(24)	(400)
Gain on disposal of property, plant and equipment	(28)	-	(28)	-
Interest expenses	811	570	3,463	4,523
Interest income	(43)	(81)	(187)	(526)
Other income	(31)	(55)	(74)	(238)
Property, plant and equipment written off	455	-	455	-
Reversal of impairment of trade receivables	(21)	-	(432)	-

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 632 acres of land bank, the Group plans to launch projects mainly comprising residential and commercial properties in 2018 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 year, 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 year 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.

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 11 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 31 December		12 months ended 31 December	
	2017 RM'000	2016 RM'000	2017 RM'000	2016 RM'000
Current income tax:				
- Malaysian income tax	2,626	(3,244)	5,836	10,494
- Under provision in respect of previous years	451	(304)	451	2,718
	3,077	(3,548)	6,287	13,212
Deferred tax	(1,132)	4,545	(2,248)	(1,859)
Total income tax expense	1,945	997	4,039	11,353

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

27. Loans and Borrowings

	Unaudited As at 31 December 2017 RM'000	Audited As at 31 December 2016 RM'000
Short term borrowings		
Secured: Finance lease liabilities	2,285	515
Revolving credits	108,521	58,300
Term loans	17,806	23,758
	128,612	82,573
Long term borrowings		
Secured: Finance lease liabilities	7,767	1,049
Term loans	44,192	57,019
	51,959	58,068
Total loans and borrowings	180,571	140,641

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.

The Group total loans and borrowings for the current financial period as at 31 December 2017 has increased by RM39.93 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 the construction of the new Airport at Mukah, Sarawak 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 23 February 2018, 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 23 February 2018.

31. Earnings Per Share

(a) Basic

	3 months ended 31 December		12 months ended 31 December	
	2017	**2016**	**2017**	**2016**
Profit attributable to owners of the parent (RM'000)	4,480	3,266	14,038	27,074
Weighted average number of ordinary shares in issue ('000)	496,406	496,406	496,406	496,406
Basic earnings per share (sen)	0.90	0.66	2.83	5.45

(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 28 February 2018.