IBRACO BERHAD (011286-P)

(Incorporated in Malaysia)

CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

For the three-month period ended 31 March 2018

(The figures have not been audited)

	Note	Current Quarter 3 months ended 31 March 2018 RM'000	Current Quarter 3 months ended 31 March 2017 RM'000	Cumulative Quarter 3 months ended 31 December 2018 RM'000	Cumulative Quarter 3 months ended 31 December 2017 RM'000
Revenue		32,493	19,063	32,493	19,063
Cost of sales		(23,620)	(11,739)	(23,620)	(11,739)
Gross profit		8,873	7,324	8,873	7,324
Other income		191	213	191	213
Administrative expenses		(4,017)	(3,091)	(4,017)	(3,091)
Selling and marketing expenses		(1,064)	(194)	(1,064)	(194)
Finance costs		(746)	(798)	(746)	(798)
Profit before tax	22	3,237	3,454	3,237	3,454
Income tax expense	25	(776)	236	(776)	236
Profit for the period		2,461	3,690	2,461	3,690
Other comprehensive income		-	-	-	-
Total comprehensive income for the period		2,461	3,690	2,461	3,690
Profit for the period attributable to :					
Owners of the parent		2,325	3,336	2,325	3,336
Non-controlling interests		136	354	136	354
		2,461	3,690	2,461	3,690
Total comprehensive income attributable to :					
Owners of the parent		2,325	3,336	2,325	3,336
Non-controlling interests		136	354	136	354
		2,461	3,690	2,461	3,690

IBRACO BERHAD (011286-P)

(Incorporated in Malaysia)

CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME (contd.)

For the three-month period ended 31 March 2018

(The figures have not been audited)

Earnings Per Share attributable to owners of the parent:					
Basic, for profit for the period (Sen)	30	0.47	0.67	0.47	0.67
Diluted, for profit for the period (Sen)	30	0.47	0.67	0.47	0.67

The condensed consolidated statement of comprehensive income should be read in conjunction with the audited financial statements for the year ended 31 December 2017 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 March 2018 and 31 December 2017

	Note	Unaudited As at 31 March 2018 RM'000	Restated Unaudited As at 1 January 2018 RM'000	Audited As at 31 December 2017 RM'000
ASSETS				
Property, plant & equipment		22,958	20,993	20,993
Investment in associate		49	-	-
Land held for property development		44,623	44,614	44,614
Investment properties		65,454	63,495	63,495
Trade and other receivables	18	308	308	308
Deferred tax assets		12,763	13,082	12,326
Total non-current assets		146,155	142,492	141,736
Property development costs		270,495	257,018	262,964
Inventories		85,469	87,967	87,967
Trade and other receivables	18	19,755	30,803	30,803
Other current assets		60,027	53,564	50,839
Investment securities	17	9	9	9
Cash and bank balances		25,084	37,697	37,697
Total current assets		460,839	467,058	470,279
TOTAL ASSETS		606,994	609,550	612,015
Equity attributable to owners of the parent				
Share capital		248,203	248,203	248,203
Retained earnings		72,341	70,015	77,563
		320,544	318,218	325,766
Non-controlling interests		16,285	16,150	11,095
Total Equity		336,829	334,368	336,861
LIABILITIES				
Loans and borrowings	26	56,878	51,958	51,958
Total non-current liabilities		56,878	51,958	51,958
Loans and borrowings	26	133,246	128,613	128,613
Trade and other payables	19	76,270	86,395	86,598
Other current liabilities		3,639	7,176	6,945
Income tax payable		132	1,040	1,040
Total current liabilities		213,287	223,224	223,196
Total liabilities		270,165	275,182	275,154
TOTAL EQUITY AND LIABILITIES		606,994	609,550	612,015

The condensed consolidated statement of financial position should be read in conjunction with the audited financial statements for the year ended 31 December 2017 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 three-month period ended 31 March 2018
(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 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
	=====	=====	=====	=====
At 1 January 2018	248,203	77,564	11,095	336,862
Effect of adoption of MFRS 15	-	(7,548)	5,054	(2,494)
At 1 January 2018 (Restated)	248,203	70,016	16,149	334,368
Total comprehensive income	-	2,325	136	2,461
At 31 December 2018	248,203	72,341	16,285	336,829
	=====	=====	=====	=====

The condensed consolidated statement of changes in equity should be read in conjunction with the audited financial statements for the year ended 31 December 2017 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 three-month period ended 31 March 2018
(The figures have not been audited)

	3 months ended 31 March	
	2018	**2017**
	RM'000	**RM'000**
CASH FLOWS FROM OPERATING ACTIVITIES		
Profit before tax	3,237	3,454
Adjustments for:		
Depreciation of property, plant and equipment	416	364
Dividend income	(1)	(60)
Interest expenses	746	798
Interest income	(82)	(25)
Reversal of impairment of trade receivables	(25)	(107)
Operating profit before working capital changes	4,291	4,424
Changes in working capital:		
Land held for property development	(9)	(23)
Investment properties	-	(321)
Property development costs	(15,568)	(18,045)
Inventories	2,498	2,196
Receivables	11,073	11,256
Other current assets	(5,738)	1,717
Payables	(428)	(1,877)
Other current liabilities	(3,306)	789
Deposits pledged for bank borrowings	(11)	(46)
Cash used in operations	(7,198)	70
Interest paid	(746)	(798)
Interest received	82	25
Taxes paid	(2,090)	(3,631)
Net cash used in operating activities	(9,952)	(4,334)
CASH FLOWS FROM INVESTING ACTIVITIES		
Dividend received	1	60
Expenditure incurred on investment properties under construction	(1,959)	-
Proceeds from disposal of investment securities	-	4,863
Purchase of investment securities	-	(5,887)
Purchase of property, plant and equipment	(152)	(148)
Subscription of shares in associate	(49)	-
Net cash used in investing activities	(2,159)	(1,112)

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

CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS (contd.)
For the three-month period ended 31 March 2018
(The figures have not been audited)

	3 months ended 31 March 2018 RM'000	3 months ended 31 March 2017 RM'000
CASH FLOWS FROM FINANCING ACTIVITIES		
Dividends paid on ordinary shares	(9,928)	-
Proceeds from loans and borrowings	26,436	10,500
Repayment of finance leases	(561)	(130)
Repayment of loans and borrowings	(16,460)	(6,121)
Net cash (used in)/generated from financing activities	(513)	4,249
Net decrease in cash and cash equivalents	(12,624)	(1,197)
Cash and cash equivalents at beginning of financial period	35,965	20,346
Cash and cash equivalents at end of financial period	23,341	19,149

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

	As at 31 March 2018 RM'000	As at 31 March 2017 RM'000
Cash and bank balances	25,084	21,761
Less:		
Deposits with maturity more than 3 months	(1,379)	(1,343)
Deposits pledged for bank borrowings	(364)	(1,269)
Cash and cash equivalents	23,341	19,149

The condensed consolidated statement of cash flows should be read in conjunction with the audited financial statements for the year ended 31 December 2017 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 MFRS 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 2017. 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 2017.

In preparing its opening statement of financial position as at 1 January 2018, the Group has adjusted the amounts previously reported in financial statements due to the adoption of MFRS 15: Revenue from Contracts with Customers. The Group has adopted the new standard on the required effective date using the modified retrospective method. An explanation of how the adoption of MFRS 15 has affected the Group's financial statements is set out in Note 2 below, which include reconciliation of equity for comparative period.

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 2017.

On 1 January 2018, the Group adopted the following MFRSs:-

MFRSs

Annual Improvements to MFRS Standards 2014-2016 Cycle:
(i) Amendments to MFRS 1: First-time Adoption of Financial Reporting Standards
(ii) Amendments to MFRS 128: Investments in Associates and Joint Ventures
Amendments to MFRS 2: Classification and Measurement of Share-based Payment Transactions
Amendments to MFRS 4: Applying MFRS 9 Financial Instruments with MFRS 4 Insurance Contracts
Amendments to MFRS 140: Transfers of Investment Property
MFRS 9: Financial Instruments
MFRS 15: Revenue from Contracts with Customers
IC Interpretation 22: Foreign Currency Transactions and Advance Consideration

Other than the application of MFRS 15, the application of the above MFRSs, Amendments to MFRSs and Interpretations did not result in any significant changes in the accounting policies and presentation of the financial results of the Group.

2. Changes in Accounting Policies (contd.)

MFRS 15: Revenue from Contracts with Customers

MFRS 15 establishes a new five-step model that will apply to revenue arising from contracts with customers. MFRS 15 superseded the previous revenue recognition guidance including MFRS 118 Revenue, MFRS 111 Construction Contracts and the related interpretations when it became effective as at 1 January 2018.

The core principle of MFRS 15 is that an entity should recognise revenue which depict the transfer of promised goods or services to customers in an amount that reflects the consideration to which the entity expects to be entitled in exchange for those goods or services.

Under MFRS 15, an entity recognises revenue when (or as) a performance obligation is satisfied, i.e. when "control" of the goods or services underlying the particular performance obligation is transferred to the customer.

The Group adopted the new standard using the modified retrospective method and have assessed the effects of applying the new standard on the Group's financial statements, and have identified the following affected areas:

(i) Costs incurred in obtaining a contract

Sales commissions incurred are previously taken to profit or loss because they do not qualify for recognition as an asset under any of the other accounting standards. Upon the adoption of MFRS 15, the Group capitalises such commissions as incremental costs to obtain a contract if these costs are recoverable. These costs are amortised to profit or loss as the Group recognises the related revenue.

(ii) Determination of transaction price

The Group has considered the terms of the contracts and its customary business practices to determine the transaction price. The transaction price is the amount of consideration to which an entity expects to be entitled in exchange for transferring promised goods or services to its customers, excluding amounts collected on behalf of third parties (for example, some sales taxes). Free legal and professional fees offered to customers are previously accounted for as part of the development costs. Upon the adoption of MFRS 15, these are considered as consideration payable to the customers which would be taken as a reduction in the transaction price.

(iii) Presentation and disclosure requirements

The presentation and disclosure requirements in MFRS 15 are more detailed than the previous standard. Many of the disclosure requirements in MFRS 15 are new and the Group has assessed that the impact of some of these disclosures will be significant. In particular, the Group expects that the notes to the financial statements will be expanded because of the disclosure of significant judgments made, i.e. when determining the transaction price of those contracts that include variable consideration, how the transaction price has been allocated to each performance obligation and the assumptions made to estimate the stand-alone selling prices of each performance obligation. MFRS 15 also requires revenue recognised to be disaggregated into categories that depict the nature, amount, timing and uncertainty of revenue and cash flows.

2. Changes in Accounting Policies (contd.)

MFRS 15: Revenue from Contracts with Customers (contd.)

In summary, the impact of MFRS 15 adoption is as follows:

Reconciliation of equity as at 1 January 2018:

	Audited As at 31 December 2017 RM'000	Impact of MFRS 15 RM'000	(Restated) Unaudited As at 1 January 2018 RM'000
ASSETS			
Property, plant & equipment	20,993	-	20,993
Land held for property development	44,614	-	44,614
Investment properties	63,495	-	63,495
Trade and other receivables	308	-	308
Deferred tax assets	12,326	756	13,082
Total non-current assets	141,736	756	142,492
Property development costs	262,964	(5,946)	257,018
Inventories	87,967	-	87,967
Trade and other receivables	30,803	-	30,803
Other current assets	50,839	2,725	53,564
Investment securities	9	-	9
Cash and bank balances	37,697	-	37,697
Total current assets	470,279	(3,221)	467,058
TOTAL ASSETS	612,015	(2,465)	609,550
Equity attributable to owners of the parent			
Share capital	248,203	-	248,203
Retained earnings	77,563	(7,548)	70,015
	325,766	(7,548)	318,218
Non-controlling interests	11,095	5,055	16,150
Total Equity	336,861	(2,493)	334,368
LIABILITIES			
Loans and borrowings	51,958	-	51,958
Total non-current liabilities	51,958	-	51,958
Loans and borrowings	128,613	-	128,613
Trade and other payables	86,598	(203)	86,395
Other current liabilities	6,945	231	7,176
Income tax payable	1,040	-	1,040
Total current liabilities	223,196	28	223,224
Total liabilities	275,154	28	275,182
TOTAL EQUITY AND LIABILITIES	612,015	(2,465)	609,550

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 March 2018.

5. Significant Estimates and Changes in Estimates

There were no changes in estimates that have had any material effect on the quarter ended 31 March 2018.

6. Property, Plant and Equipment

Acquisition and Disposals

During the three months ended 31 March 2018, the Group acquired property, plant and equipment with an aggregate cost of RM138,000 (three months ended 31 March 2017: RM677,000) by means of finance lease. The cash outflow on acquisition of property, plant and equipment amounted to RM152,017 during the three months ended 31 March 2018 (three months ended 31 March 2017: RM148,654).

There was no disposal and write off during the three months ended 31 March 2018 (three months ended 31 March 2017: RM Nil).

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 March 2018.

8. Dividend Paid

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 ended 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.

9. Dividend Payable

On 25 May 2018, the Board of Directors and shareholders have approved a final single tier dividend of 0.75 sen per ordinary share for the financial year ended 31 December 2017 (financial year ended 31 December 2016: RM Nil). The dividend will be paid on 6 August 2018 to shareholders whose name appear in the Register of Depositors on 17 July 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 March 2018 (1Q2018) and 3 months ended 31 March 2017 (1Q2017) are as follows:

	Property development activities		Property holding & management		Construction works		Elimination		Per consolidated financial statements	
	1Q2018 RM'000	1Q2017 RM'000	1Q2018 RM'000	1Q2017 RM'000	1Q2018 RM'000	1Q2017 RM'000	1Q2018 RM'000	1Q2017 RM'000	1Q2018 RM'000	1Q2017 RM'000
Revenue:										
External customers	24,712	18,203	1,059	860	6,722	-	-	-	32,493	19,063
Inter-segment	-	-	-	-	18,000	16,101	(18,000)	(16,101)	-	-
Total revenue	24,712	18,203	1,059	860	24,722	16,101	(18,000)	(16,101)	32,493	19,063
Segment profit	728	2,715	756	511	262	(127)	1,491	355	3,237	3,454

10. Segmental Information (contd.)

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

	1Q2018 RM'000	1Q2017 RM'000
Segment profit	3,983	4,252
Finance costs	(746)	(798)
Profit before tax	3,237	3,454
	=====	=====

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 March 2018.

12. Changes in Composition of the Group

On 27 February 2018, IBRACO HELP Education Sdn Bhd ("IHESB") has incorporated a new joint venture company, HELP IBRACO CMS Sdn Bhd ("HICMS"). HICMS's initial paid-up capital of RM100,000 of which 70% of the shares were subscribed by IHESB and the balance of 30% 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.

On 21 March 2018, the Company incorporated a new subsidiary, NewUrban Sdn. Bhd. ("NSB") with an initial paid-up capital of RM100. The intended principal activity of NSB is property development and construction.

13. Changes in Contingent Liabilities and Contingent Assets

Contingent Liabilities

Unsecured:

	Unaudited 31 March 2018 RM'000	Audited 31 December 2017 RM'000
Corporate guarantees to financial institutions in respect of banking facilities granted to subsidiary companies	130,918	130,918

Contingent Assets

There were no contingent assets since the last annual statement of financial position as at 31 December 2017 till the end of the financial period.

14. Capital Commitments

	As at 31 March 2018 RM'000	As at 31 March 2017 RM'000
Approved and contracted for:		
Investment properties	42,138	352
Property, plant and equipment	24,558	-
Total	66,696	352

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 March 2018 RM'000	3 months ended 31 March 2017 RM'000
Directors	582	582
Key management personnel	817	401

16. Related Party Transactions

The related party transactions are as follows:

		Transaction value 3 months ended 31 March		Balance outstanding as at 31 Mach	
	Note	2018 RM'000	2017 RM'000	2018 RM'000	2017 RM'000
Sharifah Deborah Sophia Ibrahim	(a)				
Rental expense on premises		102	102	-	-
Sales of Small-Office-Home-Office at Tabuan Tranquility Phase 3 ("TT3 SOHO")	*	-	1,263	1,010	1,129
Datuk Chew Chiaw Han	(b)				
Sales of TT3 SOHO	*	-	336	252	302
Liu Tow Hua	(c)				
Sales of TT3 SOHO	*	-	433	325	411
Liu Sze Wei	(d)				
Sales of TT3 SOHO	*	-	433	325	411
Hiap Ghee Seng Sdn Bhd	(e)				
Rental expense on premises		37	37	-	-

16. 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) Liu Tow Hua is a Director of the Company.

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

(e) 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 March 2018 RM'000		**Audited 31 December 2017 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	9	9

18. Trade and Other Receivables

	Unaudited 31 March 2018 RM'000	**Audited 31 December 2017 RM'000**
Current		
Trade receivables		
Third parties	14,758	27,095
Less: Allowance for impairment	(1,253)	(1,278)
Trade receivables, net	13,505	25,817

18. Trade and Other Receivables (contd.)

	Unaudited 31 March 2018 RM'000	Audited 31 December 2017 RM'000
Current (contd.)		
Other receivables		
Third parties	4,978	3,755
Deposits	1,378	1,337
	6,356	5,092
Less: Allowance for impairment – third parties	(106)	(106)
Other receivables, net	6,250	4,986
Total trade and other receivables	19,755	30,803
Non-Current		
Other receivables		
Deposits	308	308
Total trade and other receivables (current and non-current)	20,063	31,111

Ageing analysis of trade receivables

	Unaudited 31 March 2018 RM'000	Audited 31 December 2017 RM'000
Neither past due nor impaired	795	4,739
1 to 69 days past due but not impaired	3,032	15,057
More than 70 days but not impaired	9,685	6,015
Impaired	1,246	1,284
Total trade receivables	14,758	27,095

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 RM12.72 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 March 2018 RM'000	Audited 31 December 2017 RM'000
Trade and other payables	45,463	54,141
Provision for projects	30,807	32,457
Total trade and other payables	76,270	86,598

Review of Performance

20. Current Financial Quarter (1Q2018) Vs Corresponding Financial Quarter (1Q2017)

	Current Quarter 3 months ended 31 March		Changes	
	2018 RM'000	2017 RM'000	RM'000	%
Revenue	32,493	19,063	13,430	70
Operating profit	8,873	7,324	1,549	21
Profit before interest and tax	3,983	4,252	(269)	(6)
Profit before tax	3,237	3,454	(217)	(6)
Profit after tax	2,461	3,690	(1,229)	(33)
Profit for the period attributable to owners of the parent	2,325	3,336	(1,011)	(30)

The Group's revenue for 1Q2018 increased by 70% to RM32.49 million from RM19.06 million in 1Q2017. 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 office building at The NorthBank, construction of the new Airport at Mukah, Sarawak and rental income from investment properties.

Whilst, the Group's revenue for 1Q2017 was mainly 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, sales of shop lots at Bintulu Town Square, sales of developed vacant land at Tabuan Tranquility Phase 4 and rental income from investment properties.

Other income decreased from RM0.21 million in 1Q2017 to RM0.19 million in 1Q2018. 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.

Administrative expenses increased to RM4.02 million from RM3.09 million in 1Q2017. 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 1Q2017.

21. Comparison with Immediate Preceding Quarter's Results

	Current Quarter 3 months ended 31 March 2018 RM'000	Immediate Preceding Quarter 3 months ended 31 December 2017 RM'000	Changes RM'000	%
Revenue	32,493	57,040	(24,547)	(43)
Operating profit	8,873	13,267	(4,394)	(33)
Profit before interest and tax	3,983	6,909	(2,926)	(42)
Profit before tax	3,237	6,098	(2,861)	(47)
Profit after tax	2,461	4,153	(1,692)	(41)
Profit for the period attributable to owners of the parent	2,325	4,480	(2,155)	(48)

The Group recorded a profit before tax of RM3.24 million compared to a profit before tax of RM6.10 million recorded in the immediate preceding quarter ended 31 December 2017. Despite a similar revenue source for both quarters, profit was higher in the immediate preceding quarter mainly due to the first time profit recognition for sales of apartment suites at ContiNew and the construction of a new Airport at Mukah where a higher percentage of completion were recorded.

The Group's revenue for the current financial quarter ended 31 March 2018 decreased to RM32.49 million from RM57.04 million in the immediate preceding quarter ended 31 December 2017. Apart from the recognition of revenue from sales of shop lots at Bintulu Town Square in the immediate preceding quarter and sales of office building at The NorthBank 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 apartment suites at ContiNew, Kuala Lumpur, 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, construction of the new Airport at Mukah, Sarawak, and rental income from investment properties.

Other income increased from RM0.15 million in the immediate preceding quarter to RM0.19 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 decreased to RM4.02 million compared to RM6.20 million in the immediate preceding quarter ended 31 December 2017. The decrease was mainly due to provision for staff bonus, corporate social responsibility expenses and property, plant and equipment written off in the immediate preceding financial quarter. Other components of the administrative expenses have not varied much compared to those incurred during the immediate preceding quarter.

22. Profit Before Tax

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

	3 months ended 31 March		3 months ended 31 March	
	2018 RM'000	2017 RM'000	2018 RM'000	2017 RM'000
Depreciation of property, plant and equipment	416	364	416	364
Dividend income	(1)	(60)	(1)	(60)
Interest expenses	746	798	746	798
Interest income	(82)	(25)	(82)	(25)
Other income	(83)	(21)	(83)	(21)
Reversal of impairment of trade receivables	(25)	(107)	(25)	(107)

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 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. With this, the Group is set to unveil its next major and highly anticipated mixed development project, The NorthBank in 2018. This integrated development sits on a 123 acres of land, located right opposite the Group's highly successful Tabuan Tranquility project. Combining the popularity of landed residences with the growing trend of high-rise developments, and complemented with commercial components, The NorthBank offers purchasers with choices of various type of residences built with a walking distance to commercials, office units as well as a social clubhouse and even an educational institution proudly known as Tunku Putra-Help International School which will commence operation by January 2020.

In March 2018, the Group officially launched its first project in The NorthBank, Nova 72, which consists of 50 units of double-storey terrace house ("DST"), 14 units of double-storey semi-detached house ("DSSD") and 8 units of three-storey semi-detached house ("3SSD"). This development is estimated to have a GDV of over RM80.00 million. Except for the 3SSD houses which are yet to be launched, the DST houses and DSSD houses were sold out on the launching date, providing the Group with a positive indicator to launch The NorthBank subsequent developments in 2018.

Added to that, riding on the success of ContiNew Kuala Lumpur, the Group has entered into a separate sale and purchase agreements ("SPA") with Milan Sanctuary Sdn Bhd and Jurapat Sdn Bhd to acquire 15,811.66 square meter leasehold land located at Bandar Petaling Jaya Selatan, Daerah Petaling and fronting onto Baru Pantai Highway ("the Land") for aggregate consideration of RM37.44 million. The Land is approved for mixed commercial development and the Group has 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 the construction segment, the Group has been actively participating in bidding for the Government's construction and infrastructure projects.

23. Group's Prospects (contd.)

In addition to the generation of revenue via the Group's current normal business activities, the Group had ventured into another new segment - providing international education services. In March 2018, the Group collaborated with HELP Education Services Sdn Bhd and CMS Education Sdn Bhd, to embark on an exciting journey in educational growth by establishing the Tunku Putra-Help International School in Kuching, and it is located strategically at The NorthBank, Tabuan Jaya, the residential heart of Kuching. The Group believes that this joint venture will diversify its source of income as well as enhancing the value of the surrounding developments within The NorthBank.

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 31 March		3 months ended 31 March	
	2018 RM'000	**2017 RM'000**	**2018 RM'000**	**2017 RM'000**
Current income tax:				
- Malaysian income tax	319	1,591	319	1,591
Deferred tax	457	(1,827)	457	(1,827)
Total income tax expense	776	(236)	776	(236)

Income tax is calculated at the Malaysian statutory tax rate of 24% (2017: 24%) of the estimated assessable profit for the period.

The effective tax rate of the Group for the 3 months financial period is lower than the statutory tax rate mainly due to adjustment to deferred tax.

26. Loans and Borrowings

	Unaudited As at 31 March 2018 RM'000	**Audited As at 31 December 2017 RM'000**
Short term borrowings		
Secured: Finance lease liabilities	2,345	2,285
Revolving credits	114,110	106,160
Collaterised borrowings	-	2,362
Term loans	16,791	17,806
	133,246	128,613
Long term borrowings		
Secured: Finance lease liabilities	7,284	7,767
Term loans	49,594	44,191
	56,878	51,958
Total loans and borrowings	190,124	180,571

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

26. 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 31 March 2018 has increased by RM9.55 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 the construction of the new Airport at Mukah, Sarawak.

27. 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 sale of a 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. On 9 March 2018, the shareholders have approved this proposal and this proposal is expected to be completed in the second quarter of 2020.

28. Off Balance Sheet Financial Instruments

The Group does not have any financial instruments with off balance sheet risk as at 21 May 2018, the latest practicable date which is not earlier than 7 days from the date of this quarterly report.

29. Changes in Material Litigation

There was no known material litigation as at 21 May 2018.

30. Earnings Per Share

(a) Basic

	3 months ended 31 March		3 months ended 31 March	
	2018	**2017**	**2018**	**2017**
Profit attributable to owners of the parent (RM'000)	2,325	3,336	2,325	3,336
Weighted average number of ordinary shares in issue ('000)	496,406	496,406	496,406	496,406
Basic earnings per share (sen)	0.47	0.67	0.47	0.67

(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.

31. Auditors' Report on Preceding Annual Financial Statements

The auditors' report on the financial statements for the financial year ended 31 December 2017 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 May 2018.