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

CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME
For the nine-month period ended 30 September 2018
(The figures have not been audited)

	Note	Current Quarter 3 months ended 30 September 2018 RM'000	Current Quarter 3 months ended 30 September 2017 RM'000	Cumulative Quarter 9 months ended 30 September 2018 RM'000	Cumulative Quarter 9 months ended 30 September 2017 RM'000
Revenue		73,475	28,158	155,312	69,559
Cost of sales		(54,579)	(18,272)	(112,795)	(43,798)
Gross profit		18,896	9,886	42,517	25,761
Other income		148	283	438	787
Administrative expenses		(4,428)	(4,093)	(12,531)	(10,760)
Selling and marketing expenses		(1,242)	(85)	(3,956)	(263)
Finance costs		(1,199)	(947)	(2,967)	(2,652)
Profit before tax	22	12,175	5,044	23,501	12,873
Income tax expense	25	(3,224)	(1,288)	(6,348)	(2,094)
Profit for the period		8,951	3,756	17,153	10,779
Other comprehensive income		-	-	-	-
Total comprehensive income for the period		8,951	3,756	17,153	10,779
Profit for the period attributable to :					
Owners of the parent		8,622	3,206	16,034	9,558
Non-controlling interests		329	550	1,119	1,221
		8,951	3,756	17,153	10,779
Total comprehensive income attributable to :					
Owners of the parent		8,622	3,206	16,034	9,558
Non-controlling interests		329	550	1,119	1,221
		8,951	3,756	17,153	10,779

IBRACO BERHAD (011286-P)

(Incorporated in Malaysia)

CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME (contd.)

For the nine-month period ended 30 September 2018

(The figures have not been audited)

Earnings Per Share attributable to owners of the parent:					
Basic, for profit for the period (Sen)	30	1.74	0.65	3.23	1.93
Diluted, for profit for the period (Sen)	30	1.74	0.65	3.23	1.93

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.

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IBRACO BERHAD (011286-P)

(Incorporated in Malaysia)

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at 30 September 2018 and 31 December 2017

	Note	Unaudited As at 30 September 2018 RM'000	Restated Unaudited As at 1 January 2018 RM'000	Audited As at 31 December 2017 RM'000
ASSETS				
Property, plant & equipment		28,701	20,993	20,993
Investment in associate		49	-	-
Land held for property development		44,623	44,614	44,614
Investment properties		74,036	63,495	63,495
Trade and other receivables	17	290	308	308
Deferred tax assets		11,479	13,082	12,326
Total non-current assets		159,178	142,492	141,736
Property development costs		332,445	257,017	262,964
Inventories		61,115	87,967	87,967
Trade and other receivables	17	45,876	30,803	30,803
Other current assets		80,108	53,564	50,839
Investment securities	16	10	9	9
Cash and bank balances		18,256	37,697	37,697
Total current assets		537,810	467,057	470,279
TOTAL ASSETS		696,988	609,549	612,015
Equity attributable to owners of the parent				
Share capital		248,203	248,203	248,203
Retained earnings		82,326	70,015	77,563
		330,529	318,218	325,766
Non-controlling interests		17,268	16,149	11,095
Total Equity		347,797	334,367	336,861
LIABILITIES				
Loans and borrowings	26	91,141	51,958	51,958
Total non-current liabilities		91,141	51,958	51,958
Loans and borrowings	26	149,491	128,613	128,613
Trade and other payables	18	92,898	86,395	86,598
Other current liabilities		15,661	7,176	6,945
Income tax payable		-	1,040	1,040
Total current liabilities		258,050	223,224	223,196
Total liabilities		349,191	275,182	275,154
TOTAL EQUITY AND LIABILITIES		696,988	609,549	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 nine-month period ended 30 September 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	73,453	10,801	332,457
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	77,563	11,095	336,861
At 1 January 2018	248,203	77,563	11,095	336,861
Effect of adoption of MFRS 15	-	(7,548)	5,054	(2,494)
At 1 January 2018 (Restated)	248,203	70,015	16,149	334,367
Total comprehensive income	-	16,034	1,119	17,153
Dividends on ordinary shares	-	(3,723)	-	(3,723)
At 30 September 2018	248,203	82,326	17,268	347,797

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 nine-month period ended 30 September 2018
(The figures have not been audited)

	9 months ended 30 September	
	2018	2017
	RM'000	RM'000
CASH FLOWS FROM OPERATING ACTIVITIES		
Profit before tax	23,501	12,873
Adjustments for:		
Depreciation of property, plant and equipment	1,260	1,190
Dividend income	(3)	(189)
Interest expenses	2,967	2,652
Interest income	(170)	(144)
Property, plant and equipment written off	73	-
Reversal of impairment of trade receivables	(98)	(411)
Operating profit before working capital changes	27,530	15,971
Changes in working capital:		
Land held for property development	(9)	(27)
Investment properties	-	(320)
Property development costs	(83,801)	(28,378)
Inventories	26,852	4,130
Receivables	(14,957)	(6,754)
Other current assets	(24,711)	(6,878)
Payables	16,200	(5,117)
Other current liabilities	8,716	509
Deposits pledged for bank borrowings	(11)	870
Cash used in operations	(44,191)	(25,994)
Interest paid	(2,967)	(2,652)
Interest received	170	144
Taxes paid	(8,612)	(10,144)
Taxes refunded	994	120
Net cash used in operating activities	(54,606)	(38,526)
CASH FLOWS FROM INVESTING ACTIVITIES		
Deposits with maturity more than 3 months	(393)	(36)
Dividend received	3	189
Expenditure incurred on investment properties under construction	(10,541)	-
Proceeds from disposal of investment securities	-	13,666
Purchase of investment securities	(1)	(6,027)
Purchase of property, plant and equipment	(280)	(1,597)
Subscription of shares in associate	(49)	-
Net cash used in investing activities	(11,261)	6,195

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

CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS (contd.)
For the nine-month period ended 30 September 2018
(The figures have not been audited)

	9 months ended 30 September	
	2018	2017
	RM'000	RM'000
CASH FLOWS FROM FINANCING ACTIVITIES		
Dividends paid on ordinary shares	(13,651)	-
Proceeds from loans and borrowings	107,376	75,750
Repayment of finance leases	(1,786)	(555)
Repayment of loans and borrowings	(45,917)	(49,620)
Net cash generated from financing activities	46,022	25,575
Net decrease in cash and cash equivalents	(19,845)	(6,756)
Cash and cash equivalents at beginning of financial period	35,965	20,346
Cash and cash equivalents at end of financial period	16,120	13,590

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

	As at 30 September	
	2018	2017
	RM'000	RM'000
Cash and bank balances	18,256	15,322
Less:		
Deposits with maturity more than 3 months	(1,772)	(1,379)
Deposits pledged for bank borrowings	(364)	(353)
Cash and cash equivalents	16,120	13,590

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 MFRS 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	(5,947)	257,017
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	(3,222)	467,057
TOTAL ASSETS	612,015	(2,466)	609,549
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	5,054	16,149
Total Equity	336,861	(2,494)	334,367
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	(2,466)	609,549

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 2018.

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 2018.

6. Property, Plant and Equipment

Acquisition and Disposals

During the nine months ended 30 September 2018, the Group acquired property, plant and equipment with an aggregate cost of RM388,000 (nine months ended 30 September 2017: RM7,529,600) by means of finance lease. The cash outflow on acquisition of property, plant and equipment amounted to RM279,881 during the nine months ended 30 September 2018 (nine months ended 30 September 2017: RM1,597,585).

Property, plant and equipment with the carrying amount of RM73,203 were written off during the nine months ended 30 September 2018, and the amount was included in the administrative expenses. There were no disposal and write off during the nine months ended 30 September 2017.

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 30 September 2018.

8. Dividend Paid

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 was paid on 6 August 2018 to shareholders as per Register of Depositors dated 17 July 2018.

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 2018 (3Q2018) and 3 months ended 30 September 2017 (3Q2017) are as follows:

	Property development activities		Property holding & management		Construction works		Elimination		Per consolidated financial statements	
	3Q2018 RM'000	3Q2017 RM'000	3Q2018 RM'000	3Q2017 RM'000	3Q2018 RM'000	3Q2017 RM'000	3Q2018 RM'000	3Q2017 RM'000	3Q2018 RM'000	3Q2017 RM'000
Revenue:										
External customers	48,996	27,199	1,066	959	23,413	-	-	-	73,475	28,158
Inter-segment	-	-	-	-	27,514	12,903	(27,514)	(12,903)	-	-
Total revenue	48,996	27,199	1,066	959	50,927	12,903	(27,514)	(12,903)	73,475	28,158
Segment profit/(loss)	5,099	2,959	602	564	3,635	(578)	2,839	2,099	12,175	5,044

9. Segmental Information (contd.)

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

	3Q2018 RM'000	3Q2017 RM'000
Segment profit	13,374	5,991
Finance costs	(1,199)	(947)
Profit before tax	12,175	5,044

Results for 9 months ended 30 September 2018 (9M2018) and 9 months ended 30 September 2017 (9M2017) are as follows:

	Property development activities		Property holding & management		Construction works		Elimination		Per consolidated financial statements	
	9M2018 RM'000	9M2017 RM'000	9M2018 RM'000	9M2017 RM'000	9M2018 RM'000	9M2017 RM'000	9M2018 RM'000	9M2017 RM'000	9M2018 RM'000	9M2017 RM'000
Revenue:										
External customers	111,541	66,853	3,193	2,706	40,578	-	-	-	155,312	69,559
Inter-segment	-	-	-	-	70,609	44,665	(70,609)	(44,665)	-	-
Total revenue	111,541	66,853	3,193	2,706	111,187	44,665	(70,609)	(44,665)	155,312	69,559
Segment profit/(loss)	10,094	8,636	2,071	1,636	5,789	(1,066)	5,547	3,667	23,501	12,873

9. Segmental Information (contd.)

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

	9M2018 RM'000	9M2017 RM'000
Segment profit	26,468	15,525
Finance costs	(2,967)	(2,652)
Profit before tax	23,501	12,873

10. Event After the Reporting Period

There are no material events subsequent to the reporting date that have any material effect on the quarter ended 30 September 2018.

11. Changes in Composition of the Group

There were no changes in the composition of the Group during the current quarter ended 30 September 2018.

12. Changes in Contingent Liabilities and Contingent Assets

Contingent Liabilities

Unsecured:

	Unaudited 30 September 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.

13. Capital Commitments

	As at 30 September 2018 RM'000	2017 RM'000
Approved and contracted for:		
Investment properties	36,694	69
Property, plant and equipment	16,947	1,378
Total	53,641	1,447

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	
	2018	**2017**
	RM'000	**RM'000**
Directors	380	365
Key management personnel	658	663

15. Related Party Transactions

The related party transactions are as follows:

		Transaction value 3 months ended 30 September		Balance outstanding as at 30 September	
		2018	**2017**	**2018**	**2017**
	Note	**RM'000**	**RM'000**	**RM'000**	**RM'000**
Sharifah Deborah Sophia Ibrahim	(a)				
Rental expense on premises		102	102	-	-
Liu Tow Hua	(b)				
Sales of SOHO Commercial at Tabuan Tranquility Phase 3	*	-	137	-	130
Liu Sze Leh	(c)				
Sales of apartments suite at ContiNew, Kuala Lumpur	*	-	651	-	585
Hiap Ghee Seng Sdn Bhd	(d)				
Rental expense on premises		37	37	-	-

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) Liu Tow Hua is a Director of the Company.

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

(d) 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.

16. Investment Securities

	Unaudited 30 September 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)	10	10	9	9

17. Trade and Other Receivables

	Unaudited 30 September 2018 RM'000	Audited 31 December 2017 RM'000
Current		
Trade receivables		
Third parties	38,495	27,095
Less: Allowance for impairment	(1,180)	(1,278)
Trade receivables, net	37,315	25,817
Other receivables		
Third parties	7,276	3,755
Deposits	1,391	1,337
	8,667	5,092
Less: Allowance for impairment – third parties	(106)	(106)
Other receivables, net	8,561	4,986
Total trade and other receivables	45,876	30,803
Non-Current		
Other receivables		
Deposits	290	308
Total trade and other receivables (current and non-current)	46,166	31,111

17. Trade and Other Receivables (contd.)

Ageing analysis of trade receivables

	Unaudited 30 September 2018 RM'000	Audited 31 December 2017 RM'000
Neither past due nor impaired	14,596	4,739
1 to 69 days past due but not impaired	12,317	15,057
More than 70 days but not impaired	10,420	6,015
Impaired	1,162	1,284
Total trade receivables	38,495	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 RM22.74 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 2018 RM'000	Audited 31 December 2017 RM'000
Trade and other payables	48,721	54,141
Provision for projects	44,177	32,457
Total trade and other payables	92,898	86,598

Review of Performance

19. Current Financial Quarter (3Q2018) Vs Corresponding Financial Quarter (3Q2017)

	Current Quarter 3 months ended 30 September		Changes	
	2018 RM'000	2017 RM'000	RM'000	%
Revenue	73,475	28,158	45,317	161
Operating profit	18,896	9,886	9,010	91
Profit before interest and tax	13,374	5,991	7,383	123
Profit before tax	12,175	5,044	7,131	141
Profit after tax	8,951	3,756	5,195	138
Profit for the period attributable to owners of the parent	8,622	3,206	5,416	169

The Group's revenue for 3Q2018 increased by 161% to RM73.48 million from RM28.16 million in 3Q2017. 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 3Q2017 was mainly recognised from 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, sales of shop lots at Bintulu Town Square and rental income from investment properties.

Other income decreased from RM0.28 million in 3Q2017 to RM0.15 million in 3Q2018. This other income comprised of dividend income and 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 RM4.43 million from RM4.09 million in 3Q2017. The increase was mainly due to increase in staff costs and professional fees during the current financial quarter. Other components of the administrative expenses have not varied much compared to those incurred during 3Q2017.

20. Current 9-month financial period (9M2018) Vs corresponding 9-month financial period (9M2017)

	Cumulative Quarter 9 months ended 30 September		Changes	
	2018	**2017**		
	RM'000	**RM'000**	**RM'000**	**%**
Revenue	155,312	69,559	85,753	123
Operating profit	42,517	25,761	16,756	65
Profit before interest and tax	26,468	15,525	10,943	70
Profit before tax	23,501	12,873	10,628	83
Profit after tax	17,153	10,779	6,374	59
Profit for the period attributable to owners of the parent	16,034	9,558	6,476	68

The Group's profit before tax for 9M2018 increased by 83% to RM23.50 million compared to a profit before tax of RM12.87 million recorded in 9M2017.

The Group's revenue for 9M2018 increased to RM155.31 million from RM69.56 million in 9M2017. The property development segment remains the main contributor of the Group's revenue. During the current financial period, the Group's revenue was primarily recognised from the sales of 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 9M2017 was mainly recognised from 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 Phase 1, sales of shop lots at Bintulu Town Square, sales of developed vacant land at Tabuan Tranquility Phase 4 and rental income from investment property.

Other income decreased from RM0.79 million to RM0.44 million in 9M2018. This other income comprised of dividend income and 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 RM12.53 million compared to RM10.76 million in 9M2017. The increase was mainly due to increase in staff costs, corporate social responsibility expenses and professional fees during the reporting period. Other components of the administrative expenses have not varied much compared to those incurred during the corresponding period.

21. Comparison with Immediate Preceding Quarter's Results

	Current Quarter 3 months ended 30 September 2018 RM'000	Immediate Preceding Quarter 3 months ended 30 June 2018 RM'000	Changes RM'000	%
Revenue	73,475	49,344	24,131	49
Operating profit	18,896	14,748	4,148	28
Profit before interest and tax	13,374	9,111	4,263	47
Profit before tax	12,175	8,089	4,086	51
Profit after tax	8,951	5,741	3,210	56
Profit for the period attributable to owners of the parent	8,622	5,087	3,535	69

The Group recorded a profit before tax of RM12.18 million compared to a profit before tax of RM8.09 million recorded in the immediate preceding quarter ended 30 June 2018.

The Group's revenue for the current financial quarter ended 30 September 2018 increased to RM73.48 million from RM49.34 million in the immediate preceding quarter ended 30 June 2018. 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, sales of office building at The NorthBank, construction of the new Airport at Mukah, Sarawak, and rental income from investment properties.

Other income decreased from RM0.60 million in the immediate preceding quarter to RM0.15 million in this reporting quarter. This other income comprised of dividend income and 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 decreased from RM4.58 million in the immediate preceding quarter ended 30 June 2018 to RM4.43 million in this current financial quarter. The decrease was mainly due to less corporate social responsibility expenses incurred during the current 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 30 September		9 months ended 30 September	
	2018 RM'000	2017 RM'000	2018 RM'000	2017 RM'000
Depreciation of property, plant and equipment	449	429	1,260	1,190
Dividend income	-	(58)	(3)	(189)
Interest expenses	1,199	947	2,967	2,652
Interest income	(35)	(47)	(170)	(144)
Other income	(79)	(15)	(167)	(43)
Property, plant and equipment written off	73	-	73	-
Reversal of impairment of trade receivables	(34)	(163)	(98)	(411)

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. The Group is confident that the financial results will upsurge in the coming quarters as the Group have RM276.32 million unbilled sales and outstanding order book of RM230.61 million as at 30 September 2018.

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 within 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 were launched at the end of June 2018, 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.

23. Group's Prospects (contd.)

As for the construction segment, the Group has been actively participating in bidding for the Government's construction and infrastructure projects.

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 30 September		9 months ended 30 September	
	2018 RM'000	**2017 RM'000**	**2018 RM'000**	**2017 RM'000**
Current income tax:				
- Malaysian income tax	1,679	836	3,542	3,210
- Under provision in respect of previous years	454	-	454	-
	2,133	836	3,996	3,210
Deferred tax	1,091	452	2,352	(1,116)
Total income tax expense	3,224	1,288	6,348	2,094

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 current financial quarter and 9 months financial period are higher than the statutory tax rate mainly due to certain expenses are not tax deductible.

26. Loans and Borrowings

	Unaudited As at 30 September 2018 RM'000	Unaudited As at 30 September 2017 RM'000	Audited As at 31 December 2017 RM'000
Short term borrowings			
Secured: Finance lease liabilities	2,412	1,836	2,285
Revolving credits	125,210	97,850	106,160
Collaterised borrowings	8,440	-	2,362
Term loans	13,429	19,047	17,806
	149,491	118,733	128,613
Long term borrowings			
Secured: Finance lease liabilities	6,242	6,703	7,767
Term loans	84,899	48,310	44,191
	91,141	55,013	51,958
Total loans and borrowings	240,632	173,746	180,571

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 30 September 2018 has increased by RM66.89 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 as well as the acquisition of 15,811.66 square meter leasehold land located at Bandar Petaling Jaya Selatan, Daerah Petaling.

27. Corporate Exercise

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

28. Off Balance Sheet Financial Instruments

The Group does not have any financial instruments with off balance sheet risk as at 19 November 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 19 November 2018.

30. Earnings Per Share

(a) Basic

	3 months ended 30 September		**9 months ended 30 September**	
	2018	**2017**	**2018**	**2017**
Profit attributable to owners of the parent (RM'000)	8,622	3,206	16,034	9,558
Weighted average number of ordinary shares in issue ('000)	496,406	496,406	496,406	496,406
Basic earnings per share (sen)	1.74	0.65	3.23	1.93

(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 23 November 2018.