IBRACO BERHAD (011286-P)

(Incorporated in Malaysia)

CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

For the quarter and year ended 31 December 2018

(The figures have not been audited)

	Note	Current Quarter 3 months ended 31 December 2018 RM'000	Current Quarter 3 months ended 31 December 2017 RM'000	Cumulative Quarter 12 months ended 31 December 2018 RM'000	Cumulative Quarter 12 months ended 31 December 2017 RM'000
Revenue		83,948	57,040	239,260	126,599
Cost of sales		(55,756)	(43,773)	(168,551)	(87,571)
Gross profit		28,192	13,267	70,709	39,028
Other income		338	150	776	937
Administrative expenses		(6,626)	(6,306)	(19,157)	(17,066)
Selling and marketing expenses		(2,247)	(202)	(6,203)	(465)
Finance costs		(1,344)	(811)	(4,311)	(3,463)
Profit before tax	22	18,313	6,098	41,814	18,971
Income tax expense	25	(5,101)	(1,945)	(11,449)	(4,039)
Profit for the period/year		13,212	4,153	30,365	14,932
Other comprehensive income		-	-	-	-
Total comprehensive income for the period/year		13,212	4,153	30,365	14,932
Profit for the period attributable to :					
Owners of the parent		14,104	4,480	30,138	14,038
Non-controlling interests		(892)	(327)	227	894
		13,212	4,153	30,365	14,932
Total comprehensive income attributable to :					
Owners of the parent		14,104	4,480	30,138	14,038
Non-controlling interests		(892)	(327)	227	894
		13,212	4,153	30,365	14,932

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

CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME (contd.)
For the quarter and year ended 31 December 2018
(The figures have not been audited)

Earnings Per Share attributable to owners of the parent:					
Basic, for profit for the period/year (Sen)	30	2.84	0.90	6.07	2.83
Diluted, for profit for the period/year (Sen)	30	2.84	0.90	6.07	2.83

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 December 2018 and 31 December 2017

	Note	Unaudited As at 31 December 2018 RM'000	Restated Unaudited As at 1 January 2018 RM'000	Audited As at 31 December 2017 RM'000
ASSETS				
Property, plant & equipment		29,901	20,993	20,993
Investment in associate		49	-	-
Land held for property development		44,682	44,614	44,614
Investment properties		80,299	63,495	63,495
Trade and other receivables	17	290	308	308
Deferred tax assets		10,274	12,772	12,326
Total non-current assets		165,495	142,182	141,736
Property development costs		334,149	259,655	262,964
Inventories		55,925	87,967	87,967
Trade and other receivables	17	39,920	30,803	30,803
Other current assets		86,746	53,564	50,839
Investment securities	16	-	9	9
Cash and bank balances		46,846	37,697	37,697
Total current assets		563,586	469,695	470,279
TOTAL ASSETS		729,081	611,877	612,015
Equity attributable to owners of the parent				
Share capital		248,203	248,203	248,203
Retained earnings		96,802	70,387	77,563
		345,005	318,590	325,766
Non-controlling interests		16,411	16,184	11,095
Total Equity		361,416	334,774	336,861
LIABILITIES				
Loans and borrowings	26	106,776	51,958	51,958
Total non-current liabilities		106,776	51,958	51,958
Loans and borrowings	26	139,482	128,613	128,613
Trade and other payables	18	108,851	90,246	86,598
Other current liabilities		12,556	5,246	6,945
Income tax payable		-	1,040	1,040
Total current liabilities		260,889	225,145	223,196
Total liabilities		367,665	277,103	275,154
TOTAL EQUITY AND LIABILITIES		729,081	611,877	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 year ended 31 December 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	-	(7,176)	5,089	(2,087)
At 1 January 2018 (Restated)	248,203	70,387	16,184	334,774
Total comprehensive income	-	30,138	227	30,365
Dividends on ordinary shares	-	(3,723)	-	(3,723)
At 31 December 2018	248,203	96,802	16,411	361,416

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 year ended 31 December 2018
(The figures have not been audited)

	12 months ended 31 December 2018 RM'000	12 months ended 31 December 2017 RM'000
CASH FLOWS FROM OPERATING ACTIVITIES		
Profit before tax	41,814	18,971
Adjustments for:		
Depreciation of property, plant and equipment	1,643	1,568
Dividend income	(5)	(192)
Fair value gain on investment properties	-	(24)
Gain on disposal of property, plant and equipment	-	(28)
Interest expenses	4,311	3,463
Interest income	(237)	(187)
Property development cost written off	-	3
Property, plant and equipment written off	137	454
Reversal of impairment of trade receivables	(142)	(432)
Operating profit before working capital changes	47,521	23,596
Changes in working capital:		
Land held for property development	(68)	(26)
Property development costs	(84,502)	22,760
Inventories	32,042	(45,400)
Receivables	(8,957)	(2,456)
Other current assets	(33,102)	(16,194)
Payables	28,533	10,990
Other current liabilities	7,310	1,548
Deposits pledged for bank borrowings	(11)	870
Cash used in operations	(11,234)	(4,312)
Interest paid	(4,311)	(3,463)
Interest received	237	187
Taxes paid	(11,065)	(11,689)
Taxes refunded	994	120
Net cash used in operating activities	(25,379)	(19,157)
CASH FLOWS FROM INVESTING ACTIVITIES		
Deposits with maturity more than 3 months	(985)	(36)
Dividend received	5	192
Expenditure incurred on investment properties under construction	(16,804)	(627)
Proceeds from disposal of investment securities	10	13,480
Proceeds from disposal of property, plant and equipment	-	28
Purchase of investment securities	(1)	(5,850)
Purchase of property, plant and equipment	(292)	(2,172)
Subscription of shares in associate	(49)	-
Net cash (used in)/generated from investing activities	(18,116)	5,015

IBRACO BERHAD (011286-P)

(Incorporated in Malaysia)

CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS (contd.)

For the year ended 31 December 2018

(The figures have not been audited)

	12 months ended 31 December	
	2018	**2017**
	RM'000	**RM'000**
CASH FLOWS FROM FINANCING ACTIVITIES		
Dividends paid on ordinary shares	(13,651)	-
Dividends paid to non-controlling interests	-	(600)
Proceeds from loans and borrowings	164,140	90,021
Repayment of finance leases	(2,445)	(1,081)
Repayment of loans and borrowings	(96,396)	(58,579)
Net cash generated from financing activities	51,648	29,761
Net increase in cash and cash equivalents	8,153	15,619
Cash and cash equivalents at beginning of financial year	35,965	20,346
Cash and cash equivalents at end of financial year	44,118	35,965

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

	As at 31 December	
	2018	**2017**
	RM'000	**RM'000**
Cash and bank balances	46,846	37,697
Less:		
Deposits with maturity more than 3 months	(2,364)	(1,379)
Deposits pledged for bank borrowings	(364)	(353)
Cash and cash equivalents	44,118	35,965

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.)

(iv) Construction Contracts

Where the outcome of a construction contract can be reliably estimated, contract revenue is recognised as revenue by using the stage of completion method, whilst contract costs are recognised as expenses for all the costs incurred in satisfying the performance obligation. Construction contracts for property development which are awarded from within the Group, the contract revenue is recognised by using the stage of completion which is measured by reference to the proportion of contract costs incurred for work performed to date to the estimated total contract costs (input method). Other than that, output method is adopted where contract revenue is recognised by using the stage of completion which is measured by reference to the proportion of work performed.

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	446	12,772
Total non-current assets	141,736	446	142,182
Property development costs	262,964	(3,309)	259,655
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	(584)	469,695
TOTAL ASSETS	612,015	(138)	611,877
Equity attributable to owners of the parent			
Share capital	248,203	-	248,203
Retained earnings	77,563	(7,176)	70,387
	325,766	(7,176)	318,590
Non-controlling interests	11,095	5,089	16,184
Total Equity	336,861	(2,087)	334,774
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	3,648	90,246
Other current liabilities	6,945	(1,699)	5,246
Income tax payable	1,040	-	1,040
Total current liabilities	223,196	1,949	225,145
Total liabilities	275,154	1,949	277,103
TOTAL EQUITY AND LIABILITIES	612,015	(138)	611,877

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 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 December 2018.

6. Property, Plant and Equipment

Acquisition and Disposals

During the year ended 31 December 2018, the Group acquired property, plant and equipment with an aggregate cost of RM388,000 (year ended 31 December 2017: RM9,568,800) by means of finance lease. The cash outflow on acquisition of property, plant and equipment amounted to RM292,025 during the year ended 31 December 2018 (year ended 31 December 2017: RM2,171,632).

Property, plant and equipment with the carrying amount of RM136,953 were written off during the year ended 31 December 2018 and the amount was included in the administrative expenses (year ended 31 December 2017: RM454,586).

There were no disposal during the year ended 31 December 2018. Property, plant and equipment with the carrying amount of RM 1 was disposed off during the year ended 31 December 2017, resulting in a gain on disposal of RM28,301 which was included in the other income.

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 2018.

8. Dividend Paid

There was no dividend paid during the quarter ended 31 December 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 31 December 2018 (4Q2018) and 3 months ended 31 December 2017 (4Q2017) are as follows:

	Property development activities		Property holding & management		Construction works		Elimination		Per consolidated financial statements	
	4Q2018 RM'000	4Q2017 RM'000	4Q2018 RM'000	4Q2017 RM'000	4Q2018 RM'000	4Q2017 RM'000	4Q2018 RM'000	4Q2017 RM'000	4Q2018 RM'000	4Q2017 RM'000
Revenue:										
External customers	68,508	43,710	1,060	996	14,380	12,334	-	-	83,948	57,040
Inter-segment	-	-	-	-	34,449	13,374	(34,449)	(13,374)	-	-
Total revenue	68,508	43,710	1,060	996	48,829	25,708	(34,449)	(13,374)	83,948	57,040
Segment profit	4,055	1,557	703	634	10,604	1,623	2,951	2,284	18,313	6,098

9. Segmental Information (contd.)

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

	4Q2018 RM'000	4Q2017 RM'000
Segment profit	19,657	6,909
Finance costs	(1,344)	(811)
Profit before tax	18,313	6,098

Results for 12 months ended 31 December 2018 (12M2018) and 12 months ended 31 December 2017 (12M2017) are as follows:

	Property development activities		Property holding & management		Construction works		Elimination		Per consolidated financial statements	
	12M2018 RM'000	12M2017 RM'000	12M2018 RM'000	12M2017 RM'000	12M2018 RM'000	12M2017 RM'000	12M2018 RM'000	12M2017 RM'000	12M2018 RM'000	12M2017 RM'000
Revenue:										
External customers	180,049	110,563	4,253	3,702	54,958	12,334	-	-	239,260	126,599
Inter-segment	-	-	-	-	105,058	58,039	(105,058)	(58,039)	-	-
Total revenue	180,049	110,563	4,253	3,702	160,016	70,373	(105,058)	(58,039)	239,260	126,599
Segment profit	14,149	10,193	2,774	2,270	16,393	557	8,498	5,951	41,814	18,971

9. Segmental Information (contd.)

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

	12M2018 RM'000	12M2017 RM'000
Segment profit	46,125	22,434
Finance costs	(4,311)	(3,463)
Profit before tax	41,814	18,971

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 31 December 2018.

11. Changes in Composition of the Group

There were no changes in the composition of the Group during the current quarter ended 31 December 2018.

12. Changes in Contingent Liabilities and Contingent Assets

Contingent Liabilities

Unsecured:

	Unaudited 31 December 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 31 December 2018 RM'000	2017 RM'000
Approved and contracted for:		
Investment properties	29,544	1,293
Property, plant and equipment	14,373	25,382
Total	43,917	26,675

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 31 December	
	2018	2017
	RM'000	RM'000
Directors	380	366
Key management personnel	1,067	914

15. Related Party Transactions

The related party transactions are as follows:

		Transaction value 3 months ended 31 December		Balance outstanding as at 31 December	
		2018	2017	2018	2017
	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

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

(a) Sharifah Deborah Sophia Ibrahim is a major shareholder and Director of the Company.

(b) Hiap Ghee Seng Sdn Bhd is a company connected to the 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 31 December 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

17. Trade and Other Receivables

	Unaudited 31 December 2018 RM'000	Audited 31 December 2017 RM'000
Current		
Trade receivables		
Third parties	31,681	27,095
Less: Allowance for impairment	(1,136)	(1,278)
Trade receivables, net	30,545	25,817
Other receivables		
Third parties	7,665	3,755
Deposits	1,816	1,337
	9,481	5,092
Less: Allowance for impairment – third parties	(106)	(106)
Other receivables, net	9,375	4,986
Total trade and other receivables	39,920	30,803
Non-Current		
Other receivables		
Deposits	290	308
Total trade and other receivables (current and non-current)	40,210	31,111

17. Trade and Other Receivables (contd.)

Ageing analysis of trade receivables

	Unaudited 31 December 2018 RM'000	Audited 31 December 2017 RM'000
Neither past due nor impaired	7,762	4,739
1 to 69 days past due but not impaired	15,964	15,057
More than 70 days but not impaired	6,819	6,015
Impaired	1,136	1,284
Total trade receivables	31,681	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 RM22.78 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 31 December 2018 RM'000	Audited 31 December 2017 RM'000
Trade and other payables	66,906	54,141
Provision for projects	41,945	32,457
Total trade and other payables	108,851	86,598

Review of Performance

19. Current Financial Quarter (4Q2018) Vs Corresponding Financial Quarter (4Q2017)

	Current Quarter 3 months ended 31 December		Changes	
	2018	2017		
	RM'000	RM'000	RM'000	%
Revenue	83,948	57,040	26,908	47
Operating profit	28,192	13,267	14,925	112
Profit before interest and tax	19,657	6,909	12,748	185
Profit before tax	18,313	6,098	12,215	200
Profit after tax	13,212	4,153	9,059	218
Profit for the period attributable to owners of the parent	14,104	4,480	9,624	215

The Group's revenue for 4Q2018 increased by 47% to RM83.95 million from RM57.04 million in 4Q2017. 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 and The NorthBank Nova 72 , 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 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 4Q2017 was mainly recognised from 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 shop lots at Bintulu Town Square and rental income from investment properties.

Other income increased from RM0.15 million in 4Q2017 to RM0.34 million in 4Q2018. 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 RM6.63 million from RM6.31 million in 4Q2017. 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 4Q2017.

20. Current 12-month financial period (12M2018) Vs corresponding 12-month financial period (12M2017)

	Cumulative Quarter 12 months ended 31 December		Changes	
	2018 RM'000	2017 RM'000	RM'000	%
Revenue	239,260	126,599	112,661	89
Operating profit	70,709	39,028	31,681	81
Profit before interest and tax	46,125	22,434	23,691	106
Profit before tax	41,814	18,971	22,843	120
Profit after tax	30,365	14,932	15,433	103
Profit for the period attributable to owners of the parent	30,138	14,038	16,100	115

The Group's profit before tax for 12M2018 increased by 120% to RM41.81 million compared to a profit before tax of RM18.97 million recorded in 12M2017.

The Group's revenue for 12M2018 increased to RM239.26 million from RM126.60 million in 12M2017. 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 and The NorthBank Nova 72, 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 12M2017 was mainly recognised from 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 Phase 1, sales of shop lots at Bintulu Town Square, sales of developed vacant land at Tabuan Tranquility Phase 4, construction of the new Airport at Mukah, Sarawak and rental income from investment property.

Other income decreased from RM0.94 million to RM0.78 million in 12M2018. 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 RM19.16 million compared to RM17.07 million in 12M2017. The increase was mainly due to increase in staff costs 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 31 December 2018 RM'000	Immediate Preceding Quarter 3 months ended 30 September 2018 RM'000	Changes RM'000	%
Revenue	83,948	73,475	10,473	14
Operating profit	28,192	18,896	9,296	49
Profit before interest and tax	19,657	13,374	6,283	47
Profit before tax	18,313	12,175	6,138	50
Profit after tax	13,212	8,951	4,261	48
Profit for the period attributable to owners of the parent	14,104	8,622	5,482	64

The Group recorded a profit before tax of RM18.31 million compared to a profit before tax of RM12.18 million recorded in the immediate preceding quarter ended 30 September 2018.

The Group's revenue for the current financial quarter ended 31 December 2018 increased to RM83.95 million from RM73.48 million in the immediate preceding quarter ended 30 September 2018. Apart from the recognition of revenue from sales of residential houses at The NorthBank Nova 72 in the current financial quarter and sales of 3-storey shop offices at Bintulu Town Square in the immediate preceding 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, sales of office building at The NorthBank, 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 RM0.34 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 increased from RM4.43 million in the immediate preceding quarter ended 30 September 2018 to RM6.63 million in this current financial quarter. The increase was mainly due to increase in staffs costs and provision for bonus 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 31 December		12 months ended 31 December	
	2018 RM'000	2017 RM'000	2018 RM'000	2017 RM'000
Depreciation of property, plant and equipment	383	378	1,643	1,568
Dividend income	(1)	(3)	(5)	(192)
Fair value gain on investment property	-	(24)	-	(24)
Gain on disposal of property, plant and equipment	-	(28)	-	(28)
Interest expenses	1,344	811	4,311	3,463
Interest income	(67)	(43)	(237)	(187)
Other income	(226)	(31)	(392)	(74)
Property development cost written off	-	3	-	3
Property, plant and equipment written off	64	454	137	454
Reversal of impairment of trade receivables	(44)	(21)	(142)	(432)

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 2019 as the Group have RM269.30 million unbilled sales and outstanding order book of RM205.42 million as at 31 December 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 2019 and after.

23. Group's Prospects (contd.)

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.

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 December		12 months ended 31 December	
	2018 RM'000	**2017 RM'000**	**2018 RM'000**	**2017 RM'000**
Current income tax:				
- Malaysian income tax	3,857	2,626	7,399	5,836
- Under provision in respect of previous years	-	451	454	451
	3,857	3,077	7,853	6,287
Deferred tax	1,244	(1,132)	3,596	(2,248)
Total income tax expense	5,101	1,945	11,449	4,039

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 12 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 31 December 2018 RM'000	Audited As at 31 December 2017 RM'000
Short term borrowings		
Secured: Finance lease liabilities	2,349	2,285
Revolving credits	120,160	106,160
Collaterised borrowings	-	2,362
Term loans	16,973	17,806
	139,482	128,613
Long term borrowings		
Secured: Finance lease liabilities	5,646	7,767
Term loans	101,130	44,191
	106,776	51,958
Total loans and borrowings	246,258	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 31 December 2018 has increased by RM65.69 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, construction of Tunku Putra-Help International School 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 February 2019, 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 February 2019.

30. Earnings Per Share

(a) Basic

	3 months ended 31 December		12 months ended 31 December	
	2018	**2017**	**2018**	**2017**
Profit attributable to owners of the parent (RM'000)	14,104	4,480	30,138	14,038
Weighted average number of ordinary shares in issue ('000)	496,406	496,406	496,406	496,406
Basic earnings per share (sen)	2.84	0.90	6.07	2.83

(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 22 February 2019.