IBRACO BERHAD (011286-P)

(Incorporated in Malaysia)

CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

For the three-month period ended 31 March 2019

(The figures have not been audited)

		Current Quarter 3 months ended 31 March		Cumulative Quarter 3 months ended 31 March	
	Note	2019 RM'000	2018 RM'000	2019 RM'000	2018 RM'000
Revenue		59,398	32,493	59,398	32,493
Cost of sales		(47,627)	(23,620)	(47,627)	(23,620)
Gross profit		11,771	8,873	11,771	8,873
Other income		560	191	560	191
Administrative expenses		(3,988)	(4,017)	(3,988)	(4,017)
Selling and marketing expenses		(1,259)	(1,064)	(1,259)	(1,064)
Finance costs		(1,552)	(746)	(1,552)	(746)
Profit before tax	21	5,532	3,237	5,532	3,237
Income tax expense	24	(1,868)	(776)	(1,868)	(776)
Profit for the period		3,664	2,461	3,664	2,461
Other comprehensive income		-	-	-	-
Total comprehensive income for the period		3,664	2,461	3,664	2,461
Profit for the period attributable to :					
Owners of the parent		3,294	2,325	3,294	2,325
Non-controlling interests		370	136	370	136
		3,664	2,461	3,664	2,461
Total comprehensive income attributable to :					
Owners of the parent		3,294	2,325	3,294	2,325
Non-controlling interests		370	136	370	136
		3,664	2,461	3,664	2,461

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

CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME (contd.)
For the three-month period ended 31 March 2019
(The figures have not been audited)

Earnings Per Share attributable to owners of the parent:					
Basic, for profit for the period (Sen)	29	0.66	0.47	0.66	0.47
Diluted, for profit for the period (Sen)	29	0.66	0.47	0.66	0.47

The condensed consolidated statement of comprehensive income should be read in conjunction with the audited financial statements for the year ended 31 December 2018 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 2019 and 31 December 2018

	Note	Unaudited As at 31 March 2019 RM'000	Restated Unaudited As at 1 January 2019 RM'000	Audited As at 31 December 2018 RM'000
ASSETS				
Property, plant & equipment		29,987	29,901	29,901
Right-of-use assets		204	332	-
Investment in associate		490	49	49
Inventories		44,682	44,682	44,682
Completed investment properties		57,010	56,880	56,880
Investment property under construction		30,032	23,419	23,419
Trade and other receivables	17	290	290	290
Deferred tax assets		10,710	10,274	10,274
Total non-current assets		173,405	165,827	165,495
Inventories		396,623	390,074	390,074
Right-of-use assets		612	662	-
Trade and other receivables	17	46,394	39,362	39,362
Other current assets		86,880	86,746	86,746
Cash and bank balances		31,569	47,519	47,519
Total current assets		562,078	564,363	563,701
TOTAL ASSETS		735,483	730,190	729,196
Equity attributable to owners of the parent				
Share capital		248,203	248,203	248,203
Retained earnings		100,122	96,828	96,802
		348,325	345,031	345,005
Non-controlling interests		16,781	16,411	16,411
Total Equity		365,106	361,442	361,416
LIABILITIES				
Loans and borrowings	25	115,382	106,776	106,776
Lease liabilities		196	317	-
Trade and other payables	18	14,329	10,968	10,968
Total non-current liabilities		129,907	118,061	117,744
Loans and borrowings	25	127,672	139,482	139,482
Lease liabilities		594	651	-
Trade and other payables	18	82,082	88,757	88,757
Other current liabilities		30,122	21,797	21,797
Total current liabilities		240,470	250,687	250,036
Total liabilities		370,377	368,748	367,780
TOTAL EQUITY AND LIABILITIES		735,483	730,190	729,196

The condensed consolidated statement of financial position should be read in conjunction with the audited financial statements for the year ended 31 December 2018 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 2019
(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 2018	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
At 1 January 2019	248,203	96,802	16,411	361,416
Effect of adoption of MFRS 16	-	26	-	26
At 1 January 2019 (Restated)	248,203	96,828	16,411	361,442
Total comprehensive income	-	3,294	370	3,664
At 31 March 2019	248,203	100,122	16,781	365,106

The condensed consolidated statement of changes in equity should be read in conjunction with the audited financial statements for the year ended 31 December 2018 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 2019
(The figures have not been audited)

	3 months ended 31 March	
	2019	2018
	RM'000	RM'000
CASH FLOWS FROM OPERATING ACTIVITIES		
Profit before tax	5,532	3,237
Adjustments for:		
Depreciation of property, plant and equipment	362	416
Dividend income	(4)	(1)
Fair value gain on investment properties	(130)	-
Interest expenses	1,552	746
Interest income	(96)	(82)
Reversal of impairment of trade receivables	(103)	(25)
Operating profit before working capital changes	7,113	4,291
Changes in working capital:		
Inventories	(6,549)	(10,717)
Receivables	(6,929)	11,073
Other current assets	(2,164)	(5,738)
Payables	(3,314)	(428)
Other current liabilities	8,822	(3,306)
Deposits pledged for bank borrowings	-	(11)
Cash used in operations	(3,021)	(4,836)
Interest paid	(1,552)	(746)
Interest received	96	82
Taxes paid	(2,153)	(2,090)
Taxes refunded	1,879	-
Net cash used in operating activities	(4,751)	(7,590)
CASH FLOWS FROM INVESTING ACTIVITIES		
Dividend received	4	1
Expenditure incurred on investment properties under construction	(6,613)	(1,959)
Purchase of property, plant and equipment	(945)	(2,514)
Subscription of shares in associate	(441)	(49)
Net cash used in investing activities	(7,995)	(4,521)

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

CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS (contd.)
For the three-month period ended 31 March 2019
(The figures have not been audited)

	3 months ended 31 March	
	2019	**2018**
	RM'000	**RM'000**
CASH FLOWS FROM FINANCING ACTIVITIES		
Dividends paid on ordinary shares	-	(9,928)
Proceeds from loans and borrowings	23,447	26,436
Repayment of finance leases	(596)	(561)
Repayment of loans and borrowings	(26,055)	(16,460)
Net cash used in financing activities	(3,204)	(513)
Net decrease in cash and cash equivalents	(15,950)	(12,624)
Cash and cash equivalents at beginning of financial period	44,791	35,965
Cash and cash equivalents at end of financial period	28,841	23,341

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

	As at 31 March	
	2019	**2018**
	RM'000	**RM'000**
Cash and bank balances	31,569	25,084
Less:		
Deposits with maturity more than 3 months	(2,364)	(1,379)
Deposits pledged for bank borrowings	(364)	(364)
Cash and cash equivalents	28,841	23,341

The condensed consolidated statement of cash flows should be read in conjunction with the audited financial statements for the year ended 31 December 2018 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 2018. 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 2018.

In preparing its opening statement of financial position as at 1 January 2019, the Group has adjusted the amounts previously reported in financial statements due to the adoption of MFRS 16: Leases. 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 16 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 2018.

On 1 January 2019, the Group adopted the following MFRSs:-

MFRSs

Annual Improvements to MFRS Standards 2015-2017 Cycle:
(i) Amendments to MFRS 3: Business Combinations
(ii) Amendments to MFRS 11: Joint Arrangements
(iii) Amendments to MFRS 112: Income Taxes
(iv) Amendments to MFRS 123: Borrowing Costs
IC Interpretation 23: Uncertainty over Income Tax Treatment
MFRS 16: Leases
Amendments to MFRS 9: Prepayment Features with Negative Compensation
Amendments to MFRS 119: Employee Benefits Plan Amendment, Curtailment or Settlement
Amendments to MFRS 128: Long-term Interests in Associates and Joint Ventures

Other than the application of MFRS 16, 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 16: Leases

MFRS 16 will replace MFRS 117 Leases, IC Interpretation 4 Determining whether an Arrangement contains a Lease, IC Interpretation 115 Operating Lease-Incentives and IC Interpretation 127 Evaluating the Substance of Transactions Involving the Legal Form of a Lease. MFRS 16 sets out the principles for the recognition, measurement, presentation and disclosure of leases and requires lessees to account for all leases under a single on-balance sheet model.

At the commencement date of a lease, a lessee will recognise a liability to make lease payments and an asset representing the right to use the underlying asset during the lease term. Lessees will be required to recognise interest expense on the lease liability and the depreciation expense on the right-of-use asset.

Lessor accounting under MFRS 16 is substantially the same as the accounting under MFRS 117. Lessors will continue to classify all leases using the same classification principle as in MFRS 117 and distinguish between two types of leases: operating and finance leases.

The standard will affect primarily the accounting for the Group's operating leases. The Group adopted the new standard using the modified retrospective approach and have assessed the effects of applying the new standard on the Group's financial statements and the impact is as follows:

2. Changes in Accounting Policies (contd.)

MFRS 16: Leases (contd.)

Reconciliation of equity as at 1 January 2019:

	Audited As at 31 December 2018 RM'000	Impact of MFRS 16 RM'000	Restated Unaudited As at 1 January 2019 RM'000
ASSETS			
Property, plant & equipment	29,901	-	29,901
Right-of-use assets	-	332	332
Investment in associate	49	-	49
Inventories	44,682	-	44,682
Completed investment properties	56,880	-	56,880
Investment property under construction	23,419	-	23,419
Trade and other receivables	290	-	290
Deferred tax assets	10,274	-	10,274
Total non-current assets	165,495	332	165,827
Inventories	390,074	-	390,074
Right-of-use assets	-	662	662
Trade and other receivables	39,362	-	39,362
Other current assets	86,746	-	86,746
Cash and bank balances	47,519	-	47,519
Total current assets	563,701	662	564,363
TOTAL ASSETS	729,196	994	730,190
Equity attributable to owners of the parent			
Share capital	248,203	-	248,203
Retained earnings	96,802	26	96,828
	345,005	26	345,031
Non-controlling interests	16,411	-	16,411
Total Equity	361,416	26	361,442
LIABILITIES			
Loans and borrowings	106,776	-	106,776
Lease liabilities	-	317	317
Trade and other payables	10,968	-	10,968
Total non-current liabilities	117,744	317	118,061
Loans and borrowings	139,482	-	139,482
Lease liabilities	-	651	651
Trade and other payables	88,757	-	88,757
Other current liabilities	21,797	-	21,797
Total current liabilities	250,036	651	250,687
Total liabilities	367,780	968	368,748
TOTAL EQUITY AND LIABILITIES	729,196	994	730,190

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 2019.

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 2019.

6. Property, Plant and Equipment

Acquisition and Disposals

During the three months ended 31 March 2019, the Group acquired property, plant and equipment with an aggregate cost of RM Nil (three months ended 31 March 2018: RM138,000) by means of finance lease. The cash outflow on acquisition of property, plant and equipment amounted to RM944,744 during the three months ended 31 March 2019 (three months ended 31 March 2018: RM2,513,637).

There were no disposal and write off during the three months ended 31 March 2019 (three months ended 31 March 2018: RM Nil).

7. Debt and Equity Securities

There were no other issuances, cancellations, repurchases, resale and repayments of debt and equity securities during the quarter ended 31 March 2019.

8. Dividend Paid

There was no dividend paid during the quarter ended 31 March 2019.

9. Dividend Payable

On 29 March 2019, the Board of Directors have approved an interim single-tier dividend of 1.50 sen per ordinary share for the financial year ended 31 December 2018. The dividend was paid on 10 May 2019 to shareholders whose name appear in the Register of Depositors on 26 April 2019.

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 2019 (1Q2019) and 3 months ended 31 March 2018 (1Q2018) are as follows:

	Property development activities		Property holding & management		Construction works		Elimination		Per consolidated financial statements	
	1Q2019 RM'000	1Q2018 RM'000	1Q2019 RM'000	1Q2018 RM'000	1Q2019 RM'000	1Q2018 RM'000	1Q2019 RM'000	1Q2018 RM'000	1Q2019 RM'000	1Q2018 RM'000
Revenue:										
External customers	49,504	24,712	1,017	1,059	8,877	6,722	-	-	59,398	32,493
Inter-segment	-	-	-	-	30,376	18,000	(30,376)	(18,000)	-	-
Total revenue	49,504	24,712	1,017	1,059	39,253	24,722	(30,376)	(18,000)	59,398	32,493
Segment profit/(loss)	5,325	728	731	756	(2,174)	262	1,650	1,491	5,532	3,237

10. Segmental Information (contd.)

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

	1Q2019 RM'000	1Q2018 RM'000
Segment profit	7,084	3,983
Finance costs	(1,552)	(746)
Profit before tax	5,532	3,237

11. Event After the Reporting Period

On 11 April 2019, the Company has incorporated a joint venture company, NorthBank Specialist Hospital Sdn Bhd ("NSH"). NSH's issued and paid-up capital of RM2.00 is 50% owned by the Company and the balance of 50% is owned by BNDM Incorporated Holdings Sdn Bhd. The intended principal activity of NSH is to operate a private hospital to provide health care services.

On 15 May 2019, the Company wholly owned subsidiary, Ibraco Construction Sdn Bhd ("ICSB") has incorporated a joint venture company, Ibraco Construction Polybuilding Construction JV Sdn Bhd ("ICPC") with an initial paid-up capital of RM1,350,000.00 represented by 1,350,000 ordinary shares. ICPC is 70% owned by ICSB and the balance of 30% is owned by Polybuilding Construction Co. The intended principal activity of ICPC is construction of utility projects.

12. Changes in Composition of the Group

There were no changes in the composition of the Group during the current quarter ended 31 March 2019.

13. Changes in Contingent Liabilities and Contingent Assets

Contingent Liabilities

Unsecured:

	Unaudited 31 March 2019 RM'000	Audited 31 December 2018 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 2018 till the end of the financial period.

14. Capital Commitments

	As at 31 March 2019 RM'000	2018 RM'000
Approved and contracted for:		
Investment properties	24,600	42,138
Property, plant and equipment	13,109	24,558
Total	37,709	66,696

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 2019 RM'000	2018 RM'000
Directors	620	582
Key management personnel	777	817

16. Related Party Transactions

The related party transactions are as follows:

	Note	Transaction value 3 months ended 31 March 2019 RM'000	2018 RM'000	Balance outstanding as at 31 March 2019 RM'000	2018 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	-	-

Notes

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

(b) Hiap Ghee Seng Sdn Bhd is a company connected to the Director of the Company and of its subsidiary and is also a major shareholder of the Company.

The Directors are of the opinion that the related party transactions and balances described above were carried out in the ordinary course of business and on mutually agreed terms.

17. Trade and Other Receivables

	Unaudited 31 March 2019 RM'000	Audited 31 December 2018 RM'000
Current		
Trade receivables		
Third parties	37,901	31,128
Less: Allowance for impairment	(1,032)	(1,136)
Trade receivables, net	36,869	29,992
Other receivables		
Third parties	7,818	7,660
Deposits	1,813	1,816
	9,631	9,476
Less: Allowance for impairment – third parties	(106)	(106)
Other receivables, net	9,525	9,370
Total trade and other receivables	46,394	39,362
Non-Current		
Other receivables		
Deposits	290	290
Total trade and other receivables (current and non-current)	46,684	39,652

Ageing analysis of trade receivables

	Unaudited 31 March 2019 RM'000	Audited 31 December 2018 RM'000
Neither past due nor impaired	9,405	7,766
1 to 150 days past due but not impaired	24,624	15,406
More than 150 days but not impaired	2,840	6,820
Impaired	1,032	1,136
Total trade receivables	37,901	31,128

Trade receivables are non-interest bearing and are generally on 14 to 30-day terms. Other credit terms are assessed and approved on a case-by case basis. The Group has trade receivables amounting to RM27.46 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 March 2019 RM'000	Audited 31 December 2018 RM'000
Current		
Trade and other payables	42,100	46,812
Provision for projects	39,982	41,945
Total trade and other payables	82,082	88,757
Non-Current		
Trade payables	14,329	10,968
Total trade and other payables (current and non-current)	96,411	99,725

Review of Performance

19. Current Financial Quarter (1Q2019) Vs Corresponding Financial Quarter (1Q2018)

	Current Quarter 3 months ended 31 March		Changes	
	2019 RM'000	2018 RM'000	RM'000	%
Revenue	59,398	32,493	26,905	83
Operating profit	11,771	8,873	2,898	33
Profit before interest and tax	7,084	3,983	3,101	78
Profit before tax	5,532	3,237	2,295	71
Profit after tax	3,664	2,461	1,203	49
Profit for the period attributable to owners of the parent	3,294	2,325	969	42

The Group's revenue for 1Q2019 increased by 83% to RM59.40 million from RM32.49 million in 1Q2018. 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 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 1Q2018 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 office building at The NorthBank, construction of the new Airport at Mukah, Sarawak and rental income from investment properties.

Other income increased from RM0.19 million in 1Q2018 to RM0.56 million in 1Q2019. This other income comprised of rental income earned from unsold properties, 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 to RM3.99 million from RM4.02 million in 1Q2018. The decrease was mainly due to decrease in depreciation during the current financial quarter. Other components of the administrative expenses have not varied much compared to those incurred during 1Q2018.

20. Comparison with Immediate Preceding Quarter's Results

	Current Quarter 3 months ended 31 March 2019 RM'000	Immediate Preceding Quarter 3 months ended 31 December 2018 RM'000	Changes RM'000	%
Revenue	59,398	83,771	(24,373)	(29)
Operating profit	11,771	28,015	(16,244)	(58)
Profit before interest and tax	7,084	19,656	(12,572)	(64)
Profit before tax	5,532	18,313	(12,781)	(70)
Profit after tax	3,664	13,212	(9,548)	(72)
Profit for the period attributable to owners of the parent	3,294	14,104	(10,810)	(77)

The Group recorded a profit before tax of RM5.53 million compared to a profit before tax of RM18.31 million recorded in the immediate preceding quarter ended 31 December 2018.

The Group's revenue for the current financial quarter ended 31 March 2019 decreased to RM59.40 million from RM83.77 million in the immediate preceding quarter ended 31 December 2018. Apart from the recognition of revenue from sales of 3-storey shop offices at Bintulu Town Square in the current financial quarter and sales of residential houses at Tabuan Tranquility Phase 2 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 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.

Other income increased from RM0.51 million in the immediate preceding quarter to RM0.56 million in this reporting quarter. This other income comprised of rental income earned from unsold properties, 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 RM6.63 million in the immediate preceding quarter ended 31 December 2018 to RM3.99 million in this current financial quarter. The decrease was mainly due to provision for bonus incurred 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.

21. 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	
	2019 RM'000	2018 RM'000	2019 RM'000	2018 RM'000
Depreciation of property, plant and equipment	362	416	362	416
Dividend income	(4)	(1)	(4)	(1)
Fair value gain on investment property	(130)	-	(130)	-
Interest expenses	1,552	746	1,552	746
Interest income	(96)	(82)	(96)	(82)
Other income	(227)	(83)	(227)	(83)
Reversal of impairment of trade receivables	(103)	(25)	(103)	(25)

22. 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 RM236.77 million unbilled sales and outstanding order book of RM195.15 million as at 31 March 2019.

With the current 632 acres of land bank, the Group plans to launch projects mainly comprising residential and commercial properties in 2019 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 had unveiled its next flagship and highly anticipated mixed development project, The NorthBank. This integrated development sits on a 123-acre land, located right opposite the Group's highly successful Tabuan Tranquility project is expected to be completed over a 5-year plan. 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.

The NorthBank got off to a roaring start with the first residential project, NOVA 72, which was launched and sold out in March 2018, providing the Group with a positive indicator to launch the subsequent developments in 2019 and after. In March 2019, the Group has officially launched the commercial space at The NorthBank as the opening chapter of The NorthBank Business Exchange.

Added to that, riding on the success of ContiNew Kuala Lumpur, the Group continue to venture in West Malaysia with the newly acquired land last year at Bandar Petaling Jaya Selatan. The Group aims to kick off the development in 2020, taking into consideration the revision of statutory requirements and the market needs.

The Group has also been actively tendering for more building and infrastructure projects offered by the Government to strengthen the earnings moving forward amidst the current property market sentiment.

23. 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.

24. Income Tax Expense

	3 months ended 31 March		3 months ended 31 March	
	2019 RM'000	2018 RM'000	2019 RM'000	2018 RM'000
Current income tax:				
- Malaysian income tax	2,304	319	2,304	319
Deferred tax	(436)	457	(436)	457
Total income tax expense	1,868	776	1,868	776

Income tax is calculated at the Malaysian statutory tax rate of 24% (2018: 24%) of the estimated assessable profit for the period.

The effective tax rate of the Group for the current financial quarter is higher than the statutory tax rate mainly due to adjustment to deferred tax.

25. Loans and Borrowings

		Unaudited As at 31 March 2019 RM'000	Unaudited As at 31 March 2018 RM'000	Audited As at 31 December 2018 RM'000
Short term borrowings				
Secured:	Finance lease liabilities	2,277	2,345	2,349
	Revolving credits	117,660	114,110	120,160
	Collaterised borrowings	3,772	-	-
	Term loans	3,963	16,791	16,973
		127,672	133,246	139,482
Long term borrowings				
Secured:	Finance lease liabilities	5,122	7,284	5,646
	Term loans	110,260	49,594	101,130
		115,382	56,878	106,776
Total loans and borrowings		243,054	190,124	246,258

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 March 2019 has increased by RM52.93 million as compared to the corresponding financial period. The increase was mainly due to drawdown of financing facilities for the on-going projects, namely ContiNew, 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.

26. Corporate Exercise

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

27. Off Balance Sheet Financial Instruments

The Group does not have any financial instruments with off balance sheet risk as at 21 May 2019, the latest practicable date which is not earlier than 7 days from the date of this quarterly report.

28. Changes in Material Litigation

There was no known material litigation as at 21 May 2019.

29. Earnings Per Share

(a) Basic

	3 months ended 31 March		3 months ended 31 March	
	2019	**2018**	**2019**	**2018**
Profit attributable to owners of the parent (RM'000)	3,294	2,325	3,294	2,325
Weighted average number of ordinary shares in issue ('000)	496,406	496,406	496,406	496,406
Basic earnings per share (sen)	0.66	0.47	0.66	0.47

(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.

30. Auditors' Report on Preceding Annual Financial Statements

The auditors' report on the financial statements for the financial year ended 31 December 2018 was not qualified.

31. 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 24 May 2019.