



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

CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

For the nine-month period ended 30 September 2019

(The figures have not been audited)

	Note	Current Quarter 3 months ended 30 September		Cumulative Quarter 9 months ended 30 September	
		2019 RM'000	2018 RM'000	2019 RM'000	2018 RM'000
Revenue		101,046	73,475	232,595	155,312
Cost of sales		(82,516)	(54,579)	(184,766)	(112,795)
Gross profit		18,530	18,896	47,829	42,517
Other income		288	148	1,351	438
Administrative expenses		(4,599)	(4,428)	(13,616)	(12,531)
Selling and marketing expenses		(3,085)	(1,242)	(6,405)	(3,956)
Finance costs		(2,034)	(1,199)	(5,415)	(2,967)
Profit before tax	21	9,100	12,175	23,744	23,501
Income tax expense	24	(1,214)	(3,224)	(5,546)	(6,348)
Profit for the period		7,886	8,951	18,198	17,153
Other comprehensive income		-	-	-	-
Total comprehensive income for the period		7,886	8,951	18,198	17,153
Profit for the period attributable to :					
Owners of the parent		6,453	8,622	16,097	16,034
Non-controlling interests		1,433	329	2,101	1,119
		7,886	8,951	18,198	17,153
Total comprehensive income attributable to :					
Owners of the parent		6,453	8,622	16,097	16,034
Non-controlling interests		1,433	329	2,101	1,119
		7,886	8,951	18,198	17,153



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CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME (contd.)

For the nine-month period ended 30 September 2019

(The figures have not been audited)

Earnings Per Share

**attributable to owners of
the parent:**

Basic, for profit for the period (Sen)	29	1.30	1.74	3.24	3.23
Diluted, for profit for the period (Sen)	29	1.30	1.74	3.24	3.23

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)
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CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at 30 September 2019 and 31 December 2018

	Note	Unaudited As at 30 September 2019 RM'000	Restated Unaudited As at 1 January 2019 RM'000	Audited As at 31 December 2018 RM'000
ASSETS				
Property, plant & equipment		37,232	29,901	29,901
Right-of-use assets		136	332	-
Investment in associate		3,430	49	49
Inventories		44,689	44,682	44,682
Completed investment properties		57,010	56,880	56,880
Investment property under construction		46,141	23,419	23,419
Trade and other receivables	16	290	290	290
Deferred tax assets		14,550	10,274	10,274
Total non-current assets		203,478	165,827	165,495
Inventories		391,325	390,074	390,074
Right-of-use assets		324	662	-
Trade and other receivables	16	49,539	39,362	39,362
Other current assets		122,296	86,746	86,746
Cash and bank balances		32,125	47,519	47,519
Total current assets		595,609	564,363	563,701
TOTAL ASSETS		799,087	730,190	729,196
Equity attributable to owners of the parent				
Share capital		248,203	248,203	248,203
Retained earnings		105,479	96,828	96,802
		353,682	345,031	345,005
Non-controlling interests		18,917	16,411	16,411
Total Equity		372,599	361,442	361,416
LIABILITIES				
Loans and borrowings	25	131,223	106,776	106,776
Lease liabilities		129	317	-
Trade and other payables	17	19,554	10,968	10,968
Total non-current liabilities		150,906	118,061	117,744
Loans and borrowings	25	131,983	139,482	139,482
Lease liabilities		311	651	-
Trade and other payables	17	112,240	88,757	88,757
Other current liabilities		31,048	21,797	21,797
Total current liabilities		275,582	250,687	250,036
Total liabilities		426,488	368,748	367,780
TOTAL EQUITY AND LIABILITIES		799,087	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)
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CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the nine-month period ended 30 September 2019
(The figures have not been audited)

	<i>Non-distributable</i> Share capital RM'000	Attributable to owners of the parent		Total equity RM'000
		<i>Distributable</i> Retained earnings RM'000	Non-Controlling interests 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	<u>248,203</u> =====	<u>96,802</u> =====	<u>16,411</u> =====	<u>361,416</u> =====
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)	<u>248,203</u>	<u>96,828</u>	<u>16,411</u>	<u>361,442</u>
Total comprehensive income	-	16,097	2,101	18,198
Dividends on ordinary shares	-	(7,446)	-	(7,446)
Contribution of capital by non-controlling interests	-	-	405	405
At 30 September 2019	<u>248,203</u> =====	<u>105,479</u> =====	<u>18,917</u> =====	<u>372,599</u> =====

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)
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CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS

For the nine-month period ended 30 September 2019

(The figures have not been audited)

	9 months ended 30 September	
	2019	2018
	RM'000	RM'000
CASH FLOWS FROM OPERATING ACTIVITIES		
Profit before tax	23,744	23,501
Adjustments for:		
Depreciation of property, plant and equipment	1,080	1,260
Depreciation of rights-of-use assets	534	-
Dividend income	(10)	(3)
Fair value gain on investment properties	(130)	-
Interest expenses	5,415	2,967
Interest income	(239)	(170)
Property, plant and equipment written off	-	73
Reversal of impairment of trade receivables	(207)	(98)
Operating profit before working capital changes	<u>30,187</u>	<u>27,530</u>
Changes in working capital:		
Inventories	(1,258)	(56,958)
Receivables	(9,970)	(14,957)
Other current assets	(43,443)	(24,711)
Payables	32,069	16,200
Other current liabilities	10,778	8,716
Deposits pledged for bank borrowings	-	(11)
Cash generated from/(used in) operations	<u>18,363</u>	<u>(44,191)</u>
Interest paid	(5,415)	(2,967)
Interest received	239	170
Taxes paid	(6,825)	(8,612)
Taxes refunded	4,896	994
Net cash generated from/(used in) operating activities	<u>11,258</u>	<u>(54,606)</u>
CASH FLOWS FROM INVESTING ACTIVITIES		
Deposits with maturity more than 3 months	(1,668)	(393)
Dividend received	10	3
Expenditure incurred on investment properties under construction	(22,722)	(10,541)
Purchase of investment securities	-	(1)
Purchase of property, plant and equipment	(9,219)	(280)
Subscription of shares in associate	(3,381)	(49)
Net cash used in investing activities	<u>(36,980)</u>	<u>(11,261)</u>



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CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS (contd.)

For the nine-month period ended 30 September 2019

(The figures have not been audited)

	9 months ended 30 September	
	2019	2018
	RM'000	RM'000
CASH FLOWS FROM FINANCING ACTIVITIES		
Dividends paid on ordinary shares	(7,446)	(13,651)
Proceeds from loans and borrowings	144,828	107,376
Proceeds from issuance of shares	405	-
Repayment of finance leases	(1,827)	(1,786)
Repayment of lease liabilities	(528)	-
Repayment of loans and borrowings	(126,772)	(45,917)
Net cash generated from financing activities	8,660	46,022
Net decrease in cash and cash equivalents	(17,062)	(19,845)
Cash and cash equivalents at beginning of financial period	44,791	35,965
Cash and cash equivalents at end of financial period	27,729	16,120

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

	As at 30 September	
	2019	2018
	RM'000	RM'000
Cash and bank balances	32,125	18,256
Less:		
Deposits with maturity more than 3 months	(4,032)	(1,772)
Deposits pledged for bank borrowings	(364)	(364)
Cash and cash equivalents	27,729	16,120

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.



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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.



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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:



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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



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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

On 3 July 2019, the Company wholly owned subsidiary, Ibraco Quarry Sdn Bhd ("IQSB") formerly known as Greater Tabuan Sdn Bhd, has entered into an Extraction Agreement with Priority Trading Sdn Bhd ("PTSB"). PTSB has exclusively engaged and appointed IQSB to carry on quarry operations and activities for the purpose of extracting, preparing and delivering Stone Product to the Ex-Quarry Point during the Term of the Agreement.

On 3 July 2019, the Company wholly owned subsidiary, Ibraco Spectrum Sdn Bhd ("ISSB") has entered into a Sale Agreement with Priority Trading Sdn Bhd ("PTSB") to buy at least the Acceptable Quantity of Stone Product produced from the Quarry.

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 2019.

6. Property, Plant and Equipment

Acquisition and Disposals

During the nine months ended 30 September 2019, the Group acquired property, plant and equipment with an aggregate cost of RM718,700 (nine months ended 30 September 2018: RM388,000) by means of finance lease. The cash outflow on acquisition of property, plant and equipment amounted to RM9,509,080 during the nine months ended 30 September 2019 (nine months ended 30 September 2018: RM279,881).

There were no disposal and write off during the nine months ended 30 September 2019 (nine months ended 30 September 2018: RM 73,203 of property, plant and equipment were written off and the amount was included in the administrative expenses).

7. Debt and Equity Securities

There were no other issuances, cancellations, repurchases, resale and repayments of debt and equity securities during the quarter ended 30 September 2019.

8. Dividend Paid

There was no dividend paid during the quarter ended 30 September 2019.



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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 2019 (3Q2019) and 3 months ended 30 September 2018 (3Q2018) are as follows:

	Property development activities		Property holding & management		Construction works		Elimination		Per consolidated financial statements	
	3Q2019 RM'000	3Q2018 RM'000	3Q2019 RM'000	3Q2018 RM'000	3Q2019 RM'000	3Q2018 RM'000	3Q2019 RM'000	3Q2018 RM'000	3Q2019 RM'000	3Q2018 RM'000
Revenue:										
External customers	80,664	48,996	1,017	1,066	19,365	23,413	-	-	101,046	73,475
Inter-segment	-	-	-	-	35,800	27,514	(35,800)	(27,514)	-	-
Total revenue	80,664	48,996	1,017	1,066	55,165	50,927	(35,800)	(27,514)	101,046	73,475
Segment profit/(loss)	12,806	5,099	468	602	(6,366)	3,635	2,192	2,839	9,100	12,175



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9. Segmental Information (contd.)

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

	3Q2019	3Q2018
	RM'000	RM'000
Segment profit	11,134	13,374
Finance costs	(2,034)	(1,199)
	-----	-----
Profit before tax	9,100	12,175
	=====	=====

Results for 9 months ended 30 September 2019 (9M2019) and 9 months ended 30 September 2018 (9M2018) are as follows:

	Property development activities		Property holding & management		Construction works		Elimination		Per consolidated financial statements	
	9M2019	9M2018	9M2019	9M2018	9M2019	9M2018	9M2019	9M2018	9M2019	9M2018
	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
Revenue:										
External customers	190,806	111,541	3,053	3,193	38,736	40,578	-	-	232,595	155,312
Inter-segment	-	-	-	-	106,950	70,609	(106,950)	(70,609)	-	-
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Total revenue	190,806	111,541	3,053	3,193	145,686	111,187	(106,950)	(70,609)	232,595	155,312
	=====	=====	=====	=====	=====	=====	=====	=====	=====	=====
 Segment profit/(loss)	 25,321	 10,094	 1,853	 2,071	 (8,658)	 5,789	 5,228	 5,547	 23,744	 23,501
	=====	=====	=====	=====	=====	=====	=====	=====	=====	=====



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9. Segmental Information (contd.)

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

	9M2019	9M2018
	RM'000	RM'000
Segment profit	29,159	26,468
Finance costs	(5,415)	(2,967)
	<hr/>	<hr/>
Profit before tax	23,744	23,501
	<hr/>	<hr/>

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 2019.

11. Changes in Composition of the Group

There were no changes in the composition of the Group during the current quarter ended 30 September 2019.

12. Changes in Contingent Liabilities and Contingent Assets

Contingent Liabilities

Unsecured:

	Unaudited	Audited
	30 September	31 December
	2019	2018
	RM'000	RM'000
Corporate guarantees to financial institutions in respect of banking facilities granted to subsidiary companies	115,118	130,918
	<hr/>	<hr/>

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.

13. Capital Commitments

	As at 30 September	2018
	2019	2018
	RM'000	RM'000
Approved and contracted for:		
Investment properties	9,279	36,694
Property, plant and equipment	14,867	16,947
	<hr/>	<hr/>
Total	24,146	53,641
	<hr/>	<hr/>



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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	
	2019 RM'000	2018 RM'000
Directors	403	380
Key management personnel	556	658

15. Related Party Transactions

The related party transactions are as follows:

	Note	Transaction value 3 months ended 30 September		Balance outstanding as at 30 September	
		2019 RM'000	2018 RM'000	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.

16. Trade and Other Receivables

	Unaudited 30 September 2019 RM'000	Audited 31 December 2018 RM'000
	Current	
Trade receivables		
Third parties	39,505	31,128
Less: Allowance for impairment	(929)	(1,136)
Trade receivables, net	<u>38,576</u>	<u>29,992</u>



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16. Trade and Other Receivables (contd.)

	Unaudited 30 September 2019 RM'000	Audited 31 December 2018 RM'000
Other receivables		
Third parties	8,686	7,660
Deposits	2,383	1,816
	<hr/> 11,069	<hr/> 9,476
Less: Allowance for impairment – third parties	(106)	(106)
Other receivables, net	<hr/> 10,963	<hr/> 9,370
Total trade and other receivables	<hr/> <hr/> 49,539	<hr/> <hr/> 39,362
 Non-Current		
Other receivables		
Deposits	290	290
Total trade and other receivables (current and non-current)	<hr/> <hr/> 49,829	<hr/> <hr/> 39,652

Ageing analysis of trade receivables

	Unaudited 30 September 2019 RM'000	Audited 31 December 2018 RM'000
Neither past due nor impaired	27,275	7,766
1 to 150 days past due but not impaired	6,257	15,406
More than 150 days but not impaired	5,044	6,820
Impaired	929	1,136
Total trade receivables	<hr/> <hr/> 39,505	<hr/> <hr/> 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 RM11.30 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.



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17. Trade and Other Payables

	Unaudited 30 September 2019 RM'000	Audited 31 December 2018 RM'000
Current		
Trade and other payables	61,180	46,812
Provision for projects	51,060	41,945
Total trade and other payables	112,240	88,757
Non-Current		
Trade payables	19,554	10,968
Total trade and other payables (current and non-current)	131,794	99,725



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PART B – EXPLANATORY NOTES PURSUANT TO APPENDIX 9B OF THE LISTING REQUIREMENTS OF BURSA MALAYSIA SECURITIES BERHAD

Review of Performance

18. Current Financial Quarter (3Q2019) Vs Corresponding Financial Quarter (3Q2018)

	Current Quarter 3 months ended 30 September		Changes	
	2019	2018	RM'000	%
	RM'000	RM'000		
Revenue	101,046	73,475	27,571	38
Operating profit	18,530	18,896	(366)	(2)
Profit before interest and tax	11,134	13,374	(2,240)	(17)
Profit before tax	9,100	12,175	(3,075)	(25)
Profit after tax	7,886	8,951	(1,065)	(12)
Profit for the period attributable to owners of the parent	6,453	8,622	(2,169)	(25)

The Group's revenue for 3Q2019 increased by 38% to RM101.05 million from RM73.48 million in 3Q2018. 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 and at The NorthBank Avona, 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 Bintulu Town Square and The NorthBank Business Exchange Phase 1, 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 3Q2018 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 RM0.15 million in 3Q2018 to RM0.29 million in 3Q2019. 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 increased to RM4.60 million from RM4.43 million in 3Q2018. 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 3Q2018.



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19. Current 9-month financial period (9M2019) Vs corresponding 9-month financial period (9M2018)

	Cumulative Quarter 9 months ended 30 September		Changes	
	2019 RM'000	2018 RM'000	RM'000	%
Revenue	232,595	155,312	77,283	50
Operating profit	47,829	42,517	5,312	12
Profit before interest and tax	29,159	26,468	2,691	10
Profit before tax	23,744	23,501	243	1
Profit after tax	18,198	17,153	1,045	6
Profit for the period attributable to owners of the parent	16,097	16,034	63	0

The Group's profit before tax for 9M2019 increased by 1% to RM23.74 million compared to a profit before tax of RM23.50 million recorded in 9M2018.

The Group's revenue for 9M2019 increased to RM232.60 million from RM155.31 million in 9M2018. 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 and The NorthBank Avona, 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, The NorthBank Business Exchange Phase 1 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 9M2018 was mainly 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.

Other income increased from RM0.44 million to RM1.35 million in 9M2019. 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 increased to RM13.62 million compared to RM12.53 million in 9M2018. The increase was mainly due to increase in staff costs and professional fees incurred during the reporting period. Other components of the administrative expenses have not varied much compared to those incurred during the corresponding period.



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20. Comparison with Immediate Preceding Quarter's Results

	Current Quarter 3 months ended 30 September 2019 RM'000	Immediate Preceding Quarter 3 months ended 30 June 2019 RM'000	Changes	
			RM'000	%
Revenue	101,046	72,151	28,895	40
Operating profit	18,530	17,528	1,002	6
Profit before interest and tax	11,134	10,941	193	2
Profit before tax	9,100	9,112	(12)	0
Profit after tax	7,886	6,648	1,238	19
Profit for the period attributable to owners of the parent	6,453	6,350	103	2

The Group recorded a profit before tax of RM9.10 million compared to a profit before tax of RM9.11 million recorded in the immediate preceding quarter ended 30 June 2019.

The Group's revenue for the current financial quarter ended 30 September 2019 increased to RM101.05 million from RM72.15 million in the immediate preceding quarter ended 30 June 2019. Apart from the recognition of revenue from sales of apartment suites at The NorthBank Avona and sales of 3-storey shop offices at Bintulu Town Square in the current financial quarter and sales of 3-storey shop offices at Tabuan Tranquility Phase 3 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 office building at The NorthBank, construction of the new Airport at Mukah, Sarawak and rental income from investment properties.

Other income decreased from RM0.50 million in the immediate preceding quarter to RM0.29 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 RM5.03 million in the immediate preceding quarter ended 30 June 2019 to RM4.60 million in this current financial quarter. The decrease was mainly due to huge professional fees incurred in the immediate preceding quarter. Other components of the administrative expenses have not varied much compared to those incurred during the immediate preceding quarter.



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21. Profit Before Tax

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

	3 months ended		9 months ended	
	30 September		30 September	
	2019	2018	2019	2018
	RM'000	RM'000	RM'000	RM'000
Depreciation of property, plant and equipment	358	449	1,080	1,260
Dividend income	(3)	-	(10)	(3)
Fair value gain on investment properties	-	-	(130)	-
Interest expenses	2,034	1,199	5,415	2,967
Interest income	(57)	(35)	(239)	(170)
Other income	(160)	(79)	(765)	(167)
Property, plant and equipment written off	-	73	-	73
Reversal of impairment of trade receivables	(68)	(34)	(207)	(98)

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 RM283.47 million unbilled sales and outstanding order book of RM163.73 million as at 30 September 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. Thereafter, in June 2019, the Group has officially launched The NorthBank's latest landmark – Avona, which will be the first significant landmark to light the skyline of the Group's new avant-garde township. Avona comprises of two 12-level towers of 298 units of serviced apartment was 80% sold within the first week of launching.



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22. Group's Prospects (contd.)

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.

As for our construction segment, the Group's subsidiary, Ibraco Construction Polybuilding Construction JV Sdn Bhd has received and accepted a contract from Jabatan Bekalan Air Luar Bandar, Kuching, Sarawak for the Design, Construction, Completion, Testing and Commissioning of Proposed Package NR4 (Northern Region) for Sarawak Water Supply Grid Programme – Stressed Areas ("Project"). The contract amount for the said Project is about RM44.89 million and shall be completed within 22 months from 12 June 2019.

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		9 months ended	
	30 September		30 September	
	2019	2018	2019	2018
	RM'000	RM'000	RM'000	RM'000
Current income tax:				
- Malaysian income tax	5,948	1,679	11,530	3,542
- (Over)/under provision in respect of previous years	(1,708)	454	(1,708)	454
	<u>4,240</u>	<u>2,133</u>	<u>9,822</u>	<u>3,996</u>
Deferred tax	(3,026)	1,091	(4,276)	2,352
Total income tax expense	<u><u>1,214</u></u>	<u><u>3,224</u></u>	<u><u>5,546</u></u>	<u><u>6,348</u></u>

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 9 months financial period is lower than the statutory tax rate mainly due to deferred tax adjustments.



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25. Loans and Borrowings

	Unaudited As at 30 September 2019 RM'000	Unaudited As at 30 September 2018 RM'000	Audited As at 31 December 2018 RM'000
Short term borrowings			
Secured: Finance lease liabilities	2,324	2,412	2,349
Revolving credits	111,356	125,210	120,160
Collateralised borrowings	12,753	8,440	-
Term loans	5,550	13,429	16,973
	<hr/> 131,983	<hr/> 149,491	<hr/> 139,482
Long term borrowings			
Secured: Finance lease liabilities	4,563	6,242	5,646
Term loans	126,660	84,899	101,130
	<hr/> 131,223	<hr/> 91,141	<hr/> 106,776
Total loans and borrowings	<hr/> 263,206	<hr/> 240,632	<hr/> 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 30 September 2019 has increased by RM22.57 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 Group Corporate Office as well as the construction of the new Airport at Mukah, Sarawak.

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 11 November 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 11 November 2019.



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29. Earnings Per Share

(a) Basic

	3 months ended 30 September		9 months ended 30 September	
	2019	2018	2019	2018
Profit attributable to owners of the parent (RM'000)	6,453	8,622	16,097	16,034
Weighted average number of ordinary shares in issue ('000)	496,406	496,406	496,406	496,406
Basic earnings per share (sen)	1.30	1.74	3.24	3.23

(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 14 November 2019.