



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

CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

For the three-month period ended 31 March 2020

(The figures have not been audited)

	Note	Current Quarter 3 months ended 31 March		Cumulative Quarter 3 months ended 31 March	
		2020 RM'000	2019 RM'000	2020 RM'000	2019 RM'000
Revenue		71,503	59,398	71,503	59,398
Cost of sales		(54,310)	(47,627)	(54,310)	(47,627)
Gross profit		17,193	11,771	17,193	11,771
Other income		282	560	282	560
Administrative expenses		(4,575)	(3,988)	(4,575)	(3,988)
Selling and marketing expenses		(1,718)	(1,259)	(1,718)	(1,259)
Finance costs		(3,466)	(1,552)	(3,466)	(1,552)
Profit before tax	20	7,716	5,532	7,716	5,532
Income tax expense	23	(2,254)	(1,868)	(2,254)	(1,868)
Profit for the period		5,462	3,664	5,462	3,664
Other comprehensive income		-	-	-	-
Total comprehensive income for the period		5,462	3,664	5,462	3,664
Profit for the period attributable to :					
Owners of the parent		5,413	3,294	5,413	3,294
Non-controlling interests		49	370	49	370
		5,462	3,664	5,462	3,664
Total comprehensive income attributable to :					
Owners of the parent		5,413	3,294	5,413	3,294
Non-controlling interests		49	370	49	370
		5,462	3,664	5,462	3,664



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CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME (contd.)

For the three-month period ended 31 March 2020

(The figures have not been audited)

Earnings Per Share

**attributable to owners of
the parent:**

Basic, for profit for the period (Sen)	28	1.09	0.66	1.09	0.66
Diluted, for profit for the period (Sen)	28	1.09	0.66	1.09	0.66

The condensed consolidated statement of comprehensive income should be read in conjunction with the audited financial statements for the year ended 31 December 2019 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 31 March 2020 and 31 December 2019

	Note	Unaudited As at 31 March 2020 RM'000	Audited As at 31 December 2019 RM'000
ASSETS			
Property, plant & equipment		54,737	51,350
Intangible asset		5,641	5,766
Investment in associate		3,430	3,430
Inventories		45,095	45,095
Completed investment properties		110,800	110,800
Trade and other receivables	16	290	290
Deferred tax assets		9,735	10,331
Total non-current assets		229,728	227,062
Inventories		358,932	363,442
Trade and other receivables	16	53,261	61,923
Other current assets		90,857	117,915
Cash and bank balances		36,074	25,270
Total current assets		539,124	568,550
TOTAL ASSETS		768,852	795,612
Equity attributable to owners of the parent			
Share capital		248,203	248,203
Retained earnings		117,766	112,353
		365,969	360,556
Non-controlling interests		16,831	16,752
Total Equity		382,800	377,308
LIABILITIES			
Loans and borrowings	24	113,002	116,713
Trade and other payables	17	22,135	22,123
Total non-current liabilities		135,137	138,836
Loans and borrowings	24	132,824	149,199
Trade and other payables	17	91,280	120,098
Other current liabilities		26,811	10,171
Total current liabilities		250,915	279,468
Total liabilities		386,052	418,304
TOTAL EQUITY AND LIABILITIES		768,852	795,612

The condensed consolidated statement of financial position should be read in conjunction with the audited financial statements for the year ended 31 December 2019 and the accompanying explanatory notes attached to the interim financial statements.



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CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the three-month period ended 31 March 2020
(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 31 December 2018	248,203	90,123	15,587	353,913
Effect of adoption of MFRS 16	-	26	-	26
At 1 January 2019 (Restated)	248,203	90,149	15,587	353,939
Total comprehensive income	-	34,614	760	35,374
Dividends on ordinary shares	-	(12,410)	-	(12,410)
Contribution by non-controlling interest	-	-	405	405
At 31 December 2019	248,203 =====	112,353 =====	16,752 =====	377,308 =====
At 1 January 2020	248,203	112,353	16,752	377,308
Total comprehensive income	-	5,413	49	5,462
Contribution by non-controlling interest	-	-	30	30
At 31 March 2020	248,203 =====	117,766 =====	16,831 =====	382,800 =====

The condensed consolidated statement of changes in equity should be read in conjunction with the audited financial statements for the year ended 31 December 2019 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 three-month period ended 31 March 2020
(The figures have not been audited)

	3 months ended 31 March	
	2020	2019
	RM'000	RM'000
CASH FLOWS FROM OPERATING ACTIVITIES		
Profit before tax	7,716	5,532
Adjustments for:		
Depreciation of property, plant and equipment	471	362
Amortisation of intangible asset	125	-
Dividend income	(3)	(4)
Fair value gain on investment properties	-	(130)
Interest expenses	3,466	1,552
Interest income	(78)	(96)
Reversal of impairment of trade receivables	(54)	(103)
Operating profit before working capital changes	<u>11,643</u>	<u>7,113</u>
Changes in working capital:		
Inventories	4,510	(6,549)
Receivables	8,716	(6,929)
Other current assets	22,825	(2,164)
Payables	(28,806)	(3,314)
Other current liabilities	17,178	8,822
Cash generated from/(used in) operations	<u>36,066</u>	<u>(3,021)</u>
Interest paid	(3,466)	(1,552)
Interest received	78	96
Taxes paid	(4,049)	(2,153)
Taxes refunded	6,624	1,879
Net cash generated from/(used in) operating activities	<u>35,253</u>	<u>(4,751)</u>
CASH FLOWS FROM INVESTING ACTIVITIES		
Dividend received	3	4
Expenditure incurred on investment properties under construction	-	(6,613)
Purchase of property, plant and equipment	(4,396)	(945)
Subscription of shares in subsidiary	-	(441)
Net cash used in investing activities	<u>(4,393)</u>	<u>(7,995)</u>



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CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS (contd.)

For the three-month period ended 31 March 2020

(The figures have not been audited)

	3 months ended 31 March	
	2020	2019
	RM'000	RM'000
CASH FLOWS FROM FINANCING ACTIVITIES		
Proceeds issuance of shares	30	-
Proceeds from loans and borrowings	42,477	23,447
Repayment of finance leases	(751)	(596)
Repayment of loans and borrowings	(61,812)	(26,055)
Net cash used in financing activities	(20,056)	(3,204)
Net increase/(decrease) in cash and cash equivalents	10,804	(15,950)
Cash and cash equivalents at beginning of financial period	20,852	44,791
Cash and cash equivalents at end of financial period	31,656	28,841

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

	As at 31 March	
	2020	2019
	RM'000	RM'000
Cash and bank balances	36,074	31,569
Less:		
Deposits with maturity more than 3 months	(4,054)	(2,364)
Deposits pledged for bank borrowings	(364)	(364)
Cash and cash equivalents	31,656	28,841

The condensed consolidated statement of cash flows should be read in conjunction with the audited financial statements for the year ended 31 December 2019 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 2019. 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 2019.

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 2019.

On 1 January 2020, the Group adopted the following MFRSs:-

MFRSs

Amendments to MFRS 3: Definition of a Business
Amendments to MFRS 9, MFRS 139 and MFRS 7: Interest Rate Benchmark Reform
Amendments to MFRS 101 and MFRS 108: Definition of Material
Revised Conceptual Framework for Financial Reporting

The application of the above Amendments to MFRSs did not result in any significant changes in the accounting policies and presentation of the financial results of the Group.

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 2020.

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 2020.



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6. Property, Plant and Equipment

Acquisition and Disposals

There were no acquisition of property, plant and equipment by means of finance lease during the months ended 31 March 2020 (three months ended 31 March 2019: RM Nil). The cash outflow on acquisition of property, plant and equipment amounted to RM4,395,629 during the three months ended 31 March 2020 (three months ended 31 March 2019: RM944,744).

There were no disposal and write off during the three months ended 31 March 2020 (three months ended 31 March 2019: 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 2020.

8. Dividend Paid

There was no dividend paid during the quarter ended 31 March 2020.



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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, construction works and quarry operation and trading. 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 2020 (1Q2020) and 3 months ended 31 March 2019 (1Q2019) are as follows:

	Property development activities		Property holding & management		Construction works		Quarry		Elimination		Per consolidated financial statements	
	1Q2020 RM'000	1Q2019 RM'000	1Q2020 RM'000	1Q2019 RM'000	1Q2020 RM'000	1Q2019 RM'000	1Q2020 RM'000	1Q2019 RM'000	1Q2020 RM'000	1Q2019 RM'000	1Q2020 RM'000	1Q2019 RM'000
Revenue:												
External customers	47,549	49,504	1,258	1,017	22,696	8,877	-	-	-	-	71,503	59,398
Inter-segment	-	-	-	-	17,968	30,376	-	-	(17,968)	(30,376)	-	-
Total revenue	47,549	49,504	1,258	1,017	40,664	39,253	-	-	(17,968)	(30,376)	71,503	59,398
	=====	=====	=====	=====	=====	=====	=====	=====	=====	=====	=====	=====
Segment profit/(loss)	6,064	5,325	131	731	901	(2,174)	(518)	-	1,138	1,650	7,716	5,532
	=====	=====	=====	=====	=====	=====	=====	=====	=====	=====	=====	=====



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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:

	1Q2020	1Q2019
	RM'000	RM'000
Segment profit	11,182	7,084
Finance costs	(3,466)	(1,552)
	-----	-----
Profit before tax	7,716	5,532
	=====	=====

10. Event After the Reporting Period

On 9 June 2020, Ibraco Berhad incorporated a wholly owned subsidiary, Sekitar Gemilang Sdn Bhd with an initial paid-up capital of RM100,000 represented by 100,000 ordinary shares. The intended principal activity is quarry operation.

11. Changes in Composition of the Group

On 5 March 2020, the Company wholly owned subsidiary, Ibraco Construction Sdn Bhd ("ICSB") has incorporated a subsidiary, Dynaciate Engineering Ibraco Construction JV Sdn Bhd ("DEIC") with an initial paid-up capital of RM100,000 represented by 100,000 ordinary shares. DEIC is 70% owned by ICSB and the balance of 30% is owned by Dynaciate Engineering Sdn Bhd. The intended principal activity of DEIC is construction.

12. Changes in Contingent Liabilities and Contingent Assets

Contingent Liabilities

Unsecured:

	Unaudited	Audited
	31 March	31 December
	2020	2019
	RM'000	RM'000
Corporate guarantees to financial institutions in respect of banking facilities granted to subsidiary companies	115,118	115,118
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Contingent Assets

There were no contingent assets since the last annual statement of financial position as at 31 December 2019 till the end of the financial period.



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13. Capital Commitments

	As at 31 March	
	2020	2019
	RM'000	RM'000
Approved and contracted for:		
Investment properties	4,854	24,600
Property, plant and equipment	6,976	13,109
Total	11,830	37,709

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 March	
	2020	2019
	RM'000	RM'000
Directors	635	620
Key management personnel	650	777

15. Related Party Transactions

The related party transactions are as follows:

	Note	Transaction value 3 months ended 31 March		Balance outstanding as at 31 March	
		2020	2019	2020	2019
		RM'000	RM'000	RM'000	RM'000
Sharifah Deborah Sophia Ibrahim	(a)				
Rental expense on premises		102	102	-	-
Sales of townhouses at The NorthBank Alyvia	*	1,370	-	1,233	-
Hiap Ghee Seng Sdn Bhd	(b)				
Rental expense on premises		37	37	-	-

Notes

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

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

(b) 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.



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16. Trade and Other Receivables

	Unaudited 31 March 2020 RM'000	Audited 31 December 2019 RM'000
Current		
Trade receivables		
Third parties	40,732	38,804
Bills receivables	6,595	14,226
	<hr/> 47,327	<hr/> 53,030
Less: Allowance for impairment	(833)	(887)
Trade receivables, net	<hr/> 46,494	<hr/> 52,143
Other receivables		
Third parties	4,067	7,236
Deposits	2,806	2,650
	<hr/> 6,873	<hr/> 9,886
Less: Allowance for impairment – third parties	(106)	(106)
Other receivables, net	<hr/> 6,767	<hr/> 9,780
Total trade and other receivables	<hr/> 53,261	<hr/> 61,923
Non-Current		
Other receivables		
Deposits	290	290
Total trade and other receivables (current and non-current)	<hr/> 53,551	<hr/> 62,213

Ageing analysis of trade receivables

	Unaudited 31 March 2020 RM'000	Audited 31 December 2019 RM'000
Neither past due nor impaired	12,690	16,977
1 to 119 days past due but not impaired	29,606	31,693
More than 120 days but not impaired	4,198	3,473
Impaired	833	887
Total trade receivables	<hr/> 47,327	<hr/> 53,030

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 RM33.80 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 31 March 2020 RM'000	Audited 31 December 2019 RM'000
Current		
Trade and other payables	28,753	58,302
Provision for projects	62,527	61,796
Total trade and other payables	<u>91,280</u>	<u>120,098</u>
Non-Current		
Trade payables	<u>22,135</u>	<u>22,123</u>
Total trade and other payables (current and non-current)	<u>113,415</u>	<u>142,221</u>



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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 (1Q2020) Vs Corresponding Financial Quarter (1Q2019)

	Current Quarter 3 months ended 31 March		Changes	
	2020	2019	RM'000	%
	RM'000	RM'000		
Revenue	71,503	59,398	12,105	20
Operating profit	17,193	11,771	5,422	46
Profit before interest and tax	11,182	7,084	4,098	58
Profit before tax	7,716	5,532	2,184	39
Profit after tax	5,462	3,664	1,798	49
Profit for the period attributable to owners of the parent	5,413	3,294	2,119	64

The Group's revenue for 1Q2020 increased by 20% to RM71.50 million from RM59.40 million in 1Q2019. 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 and commercial lots at ContiNew, Kuala Lumpur, sales of service apartments at The NorthBank Avona, sales of residential houses at The NorthBank Nova 72, sales of condominiums at the Park Residence, sales of 3-storey shop offices at Tabuan Tranquility Phase 3 and The NorthBank Business Exchange Phase 1, sales of office building at The NorthBank, construction of the new Airport at Mukah, Sarawak and construction of NR4 – Northern Regional for Sarawak Water Supply Grid Programme – Stressed Area project and rental income from investment properties.

Whilst, the Group's revenue for 1Q2019 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 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.

Other income decreased from RM0.56 million in 1Q2019 to RM0.28 million in 1Q2020. 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 RM4.58 million from RM3.99 million in 1Q2019. The increase was mainly due to the amortisation of intangible asset and increase in staff costs during the current financial quarter. Other components of the administrative expenses have not varied much compared to those incurred during 1Q2019.



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19. Comparison with Immediate Preceding Quarter's Results

	Current Quarter	Immediate	Changes	
	3 months ended	Preceding Quarter		
	31 March	31 December	RM'000	%
	2020	2019		
	RM'000	RM'000		
Revenue	71,503	138,652	(67,149)	(48)
Operating profit	17,193	44,556	(27,363)	(61)
Profit before interest and tax	11,182	30,744	(19,562)	(64)
Profit before tax	7,716	24,843	(17,127)	(69)
Profit after tax	5,462	17,176	(11,714)	(68)
Profit for the period attributable to owners of the parent	5,413	18,517	(13,104)	(71)

The Group recorded a profit before tax of RM7.72 million compared to a profit before tax of RM24.84 million recorded in the immediate preceding quarter ended 31 December 2019.

The Group's revenue for the current financial quarter ended 31 March 2020 decreased to RM71.50 million from RM138.65 million in the immediate preceding quarter ended 31 December 2019. Apart from the recognition of revenue from construction of NR4 – Northern Regional for Sarawak Water Supply Grid Programme – Stressed Area project and sales of SOHO Commercial at Bintulu Town Square in the current financial quarter and recognition of revenue from sales of 3-storey shop offices at Bintulu Town Square as well as sales of apartments at Stutong Heights 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 and commercial lots at ContiNew, Kuala Lumpur, sales of service apartments at The NorthBank Avona, sales of SOHO and SOHO Commercial at Tabuan Tranquility Phase 3, sales of SOHO at Bintulu Town Square, sales of residential houses at The NorthBank Nova 72, sales of condominiums at the Park Residence, sales of 3-storey shop offices at 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.

Other income decreased from RM0.36 million in the immediate preceding quarter to RM0.28 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 RM10.79 million in the immediate preceding quarter ended 31 December 2019 to RM4.58 million in this current financial quarter. The decrease was mainly due to provision for bonus and impairment of property development costs 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.



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20. 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	
	2020 RM'000	2019 RM'000	2020 RM'000	2019 RM'000
Depreciation of property, plant and equipment	471	362	471	362
Amortisation of intangible asset	125	-	125	-
Dividend income	(3)	(4)	(3)	(4)
Fair value gain on investment property	-	(130)	-	(130)
Interest expenses	3,466	1,552	3,466	1,552
Interest income	(78)	(96)	(78)	(96)
Other income	(147)	(227)	(147)	(227)
Reversal of impairment of trade receivables	(54)	(103)	(54)	(103)

21. 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 faced with rising cost of doing business and slowdown of economy resulting from the current coronavirus (COVID-19) pandemic and the enforcement of movement control order (MCO) by Malaysian Government. Although we are unable to reasonably quantify the financial impact of these events, we anticipate that the financial performance for the second quarter of financial year ending 31 December 2020 will be adversely affected and recovery would depend on the performance of the overall economy. However, the Group is confident that the financial results will improve in the coming quarters as the Group have RM243.58 million unbilled sales and outstanding order book of RM97.18 million as at 31 March 2020.

With the current 632 acres of land bank, the Group plans to launch projects mainly comprising residential and commercial properties in 2020 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 commenced operation in 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 and June 2019, the Group has officially launched the commercial space and service apartments at The NorthBank as the opening chapter of The NorthBank Business Exchange and high-rise development.



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21. 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 acquired land at Bandar Petaling Jaya Selatan in 2018. The Group aims to kick off the development in second half of 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.

22. 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.

23. Income Tax Expense

	3 months ended 31 March		3 months ended 31 March	
	2020	2019	2020	2019
	RM'000	RM'000	RM'000	RM'000
Current income tax:				
- Malaysian income tax	1,658	2,304	1,658	2,304
Deferred tax	596	(436)	596	(436)
Total income tax expense	2,254	1,868	2,254	1,868

Income tax is calculated at the Malaysian statutory tax rate of 24% (2019: 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 certain expenses are not tax deductible.

24. Loans and Borrowings

	Unaudited	Unaudited	Audited
	As at 31 March 2020 RM'000	As at 31 March 2019 RM'000	As at 31 December 2019 RM'000
Short term borrowings			
Secured: Finance lease liabilities	2,536	2,277	2,678
Revolving credits	109,304	117,660	113,170
Collateralised borrowings	6,595	3,772	14,226
Term loans	14,389	3,963	19,125
	132,824	127,672	149,199
Long term borrowings			
Secured: Finance lease liabilities	3,563	5,122	4,172
Term loans	109,439	110,260	112,541
	113,002	115,382	116,713
Total loans and borrowings	245,826	243,054	265,912



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24. Loans and Borrowings (contd.)

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 2020 has increased by RM2.77 million as compared to the corresponding financial period. The increase was mainly due to drawdown of financing facilities for the on-going projects, namely NorthBank Corporate Office, NorthBank commercial and service apartments and construction of the new Airport at Mukah.

25. Corporate Exercise

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

26. Off Balance Sheet Financial Instruments

The Group does not have any financial instruments with off balance sheet risk as at 22 June 2020, the latest practicable date which is not earlier than 7 days from the date of this quarterly report.

27. Changes in Material Litigation

There was no known material litigation as at 22 June 2020.

28. Earnings Per Share

(a) Basic

	3 months ended 31 March		3 months ended 31 March	
	2020	2019	2020	2019
Profit attributable to owners of the parent (RM'000)	5,413	3,294	5,413	3,294
Weighted average number of ordinary shares in issue ('000)	496,406	496,406	496,406	496,406
Basic earnings per share (sen)	1.09	0.66	1.09	0.66

(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.

29. Auditors' Report on Preceding Annual Financial Statements

The auditors' report on the financial statements for the financial year ended 31 December 2019 was not qualified.

30. Authorisation for Issue

The interim financial statements were authorised for issue by the Board of Directors in accordance with a resolution of the Directors on 25 June 2020.