



**IBRACO BERHAD**  
**[197101000730(011286-P)]**  
**(Incorporated in Malaysia)**

**CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME**

For the six-month period ended 30 June 2020

(The figures have not been audited)

	Note	Current Quarter 3 months ended 30 June		Cumulative Quarter 6 months ended 30 June	
		2020 RM'000	2019 RM'000	2020 RM'000	2019 RM'000
Revenue		55,778	72,151	127,281	131,549
Cost of sales		(39,582)	(54,623)	(93,892)	(102,250)
<b>Gross profit</b>		16,196	17,528	33,389	29,299
Other income		228	503	510	1,063
Administrative expenses		(4,594)	(5,029)	(9,169)	(9,017)
Selling and marketing expenses		(1,227)	(2,061)	(2,945)	(3,320)
Finance costs		(2,546)	(1,829)	(6,012)	(3,381)
<b>Profit before tax</b>	21	8,057	9,112	15,773	14,644
Income tax expense	24	(1,973)	(2,464)	(4,227)	(4,332)
<b>Profit for the period</b>		6,084	6,648	11,546	10,312
<b>Other comprehensive income</b>		-	-	-	-
<b>Total comprehensive income for the period</b>		6,084	6,648	11,546	10,312
<b>Profit for the period attributable to :</b>					
<b>Owners of the parent</b>		5,485	6,350	10,898	9,644
<b>Non-controlling interests</b>		599	298	648	668
		6,084	6,648	11,546	10,312
<b>Total comprehensive income attributable to :</b>					
<b>Owners of the parent</b>		5,485	6,350	10,898	9,644
<b>Non-controlling interests</b>		599	298	648	668
		6,084	6,648	11,546	10,312



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**CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME (contd.)**

For the six-month period ended 30 June 2020

(The figures have not been audited)

**Earnings Per Share**  
**attributable to owners of**  
**the parent:**

Basic, for profit for the period (Sen)	29	1.10	1.28	2.20	1.94
Diluted, for profit for the period (Sen)	29	1.10	1.28	2.20	1.94

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.



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**CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION**

As at 30 June 2020 and 31 December 2019

	Note	Unaudited As at 30 June 2020 RM'000	Audited As at 31 December 2019 RM'000
<b>ASSETS</b>			
Property, plant & equipment		58,410	51,350
Intangible asset		5,517	5,766
Investment in associate		3,430	3,430
Inventories		45,134	45,095
Completed investment properties		110,800	110,800
Trade and other receivables	16	290	290
Deferred tax assets		9,863	10,331
<b>Total non-current assets</b>		233,444	227,062
Inventories		348,177	363,442
Trade and other receivables	16	40,599	61,923
Other current assets		103,574	117,915
Cash and bank balances		31,642	25,270
<b>Total current assets</b>		523,992	568,550
<b>TOTAL ASSETS</b>		757,436	795,612
<b>Equity attributable to owners of the parent</b>			
Share capital		248,203	248,203
Retained earnings		123,251	112,353
		371,454	360,556
<b>Non-controlling interests</b>		17,430	16,752
<b>Total Equity</b>		388,884	377,308
<b>LIABILITIES</b>			
Loans and borrowings	25	110,571	116,713
Trade and other payables	17	24,404	22,123
<b>Total non-current liabilities</b>		134,975	138,836
Loans and borrowings	25	138,073	149,199
Trade and other payables	17	86,180	120,098
Other current liabilities		9,324	10,171
<b>Total current liabilities</b>		233,577	279,468
<b>Total liabilities</b>		368,552	418,304
<b>TOTAL EQUITY AND LIABILITIES</b>		757,436	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 six-month period ended 30 June 2020  
(The figures have not been audited)

	Attributable to owners of the parent			Total equity RM'000
	<i>Non-distributable</i> Share capital RM'000	<i>Distributable</i> Retained earnings RM'000	Non-Controlling interests RM'000	
<b>At 31 December 2018</b>	248,203	90,123	15,587	353,913
Effect of adoption of MFRS 16	-	26	-	26
<b>At 1 January 2019 (Restated)</b>	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
<b>At 31 December 2019</b>	<u>248,203</u> =====	<u>112,353</u> =====	<u>16,752</u> =====	<u>377,308</u> =====
<b>At 1 January 2020</b>	248,203	112,353	16,752	377,308
Total comprehensive income	-	10,898	648	11,546
Contribution by non-controlling interest	-	-	30	30
<b>At 30 June 2020</b>	<u>248,203</u> =====	<u>123,251</u> =====	<u>17,430</u> =====	<u>388,884</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 2019 and the accompanying explanatory notes attached to the interim financial statements.



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**(Incorporated in Malaysia)**

**CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS**

For the six-month period ended 30 June 2020

(The figures have not been audited)

	<b>6 months ended 30 June</b>	
	<b>2020</b>	<b>2019</b>
	<b>RM'000</b>	<b>RM'000</b>
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>		
Profit before tax	15,773	14,644
Adjustments for:		
Depreciation of property, plant and equipment	929	722
Amortisation of intangible asset	249	-
Dividend income	(6)	(7)
Fair value gain on investment properties	-	(130)
Interest expenses	6,012	3,381
Interest income	(176)	(182)
Reversal of impairment of trade receivables	(68)	(139)
Operating profit before working capital changes	22,713	18,289
Changes in working capital:		
Inventories	15,226	(9,088)
Receivables	21,392	469
Other current assets	10,950	(5,176)
Payables	(31,637)	7,464
Other current liabilities	229	5,336
Cash generated from operations	38,873	17,294
Interest paid	(6,012)	(3,381)
Interest received	176	182
Taxes paid	(6,992)	(4,177)
Taxes refunded	6,624	4,257
<b>Net cash generated from operating activities</b>	<b>32,669</b>	<b>14,175</b>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>		
Deposits with maturity more than 3 months	(122)	(1,668)
Dividend received	6	7
Expenditure incurred on investment properties under construction	(7,097)	(13,962)
Purchase of property, plant and equipment	(1,968)	(5,827)
Subscription of shares in associate	-	(441)
<b>Net cash used in investing activities</b>	<b>(9,181)</b>	<b>(21,891)</b>



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**CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS (contd.)**

For the six-month period ended 30 June 2020

(The figures have not been audited)

	<b>6 months ended 30 June</b>	
	<b>2020</b>	<b>2019</b>
	<b>RM'000</b>	<b>RM'000</b>
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>		
Dividends paid on ordinary shares	-	(7,446)
Proceeds from loans and borrowings	59,695	93,037
Proceeds from issuance of shares	30	405
Repayment of finance leases	(1,420)	(1,201)
Repayment of loans and borrowings	(75,543)	(98,249)
<b>Net cash used in from financing activities</b>	<b>(17,238)</b>	<b>(13,454)</b>
<b>Net increase / (decrease) in cash and cash equivalents</b>	6,250	(21,170)
<b>Cash and cash equivalents at beginning of financial period</b>	20,852	44,791
<b>Cash and cash equivalents at end of financial period</b>	27,102	23,621

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

	<b>As at 30 June</b>	
	<b>2020</b>	<b>2019</b>
	<b>RM'000</b>	<b>RM'000</b>
Cash and bank balances	31,642	28,017
Less:		
Deposits with maturity more than 3 months	(4,176)	(4,032)
Deposits pledged for bank borrowings	(364)	(364)
Cash and cash equivalents	27,102	23,621

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**

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**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 30 June 2020.

**5. Significant Estimates and Changes in Estimates**

There were no changes in estimates that have had any material effect on the quarter ended 30 June 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 six months ended 30 June 2020 (six months ended 30 June 2019: RM 308,700). The cash outflow on acquisition of property, plant and equipment amounted to RM9,064,816 during the six months ended 30 June 2020 (six months ended 30 June 2019: RM5,826,456).

There were no disposal and write off during the six months ended 30 June 2020 (six months ended 30 June 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 30 June 2020.

**8. Dividend Paid**

There was no dividend paid during the quarter ended 30 June 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 30 June 2020 (2Q2020) and 3 months ended 30 June 2019 (2Q2019) are as follows:

	<b>Property development activities</b>		<b>Property holding &amp; management</b>		<b>Construction works</b>		<b>Quarry</b>		<b>Elimination</b>		<b>Per consolidated financial statements</b>	
	<b>2Q2020 RM'000</b>	<b>2Q2019 RM'000</b>	<b>2Q2020 RM'000</b>	<b>2Q2019 RM'000</b>	<b>2Q2020 RM'000</b>	<b>2Q2019 RM'000</b>	<b>2Q2020 RM'000</b>	<b>2Q2019 RM'000</b>	<b>2Q2020 RM'000</b>	<b>2Q2019 RM'000</b>	<b>2Q2020 RM'000</b>	<b>2Q2019 RM'000</b>
<b>Revenue:</b>												
External customers	40,443	60,638	2,393	1,019	12,821	10,494	121	-	-	-	55,778	72,151
Inter-segment	-	-	-	-	14,027	40,774	-	-	(14,027)	(40,774)	-	-
<b>Total revenue</b>	<b>40,443</b>	<b>60,638</b>	<b>2,393</b>	<b>1,019</b>	<b>26,848</b>	<b>51,268</b>	<b>121</b>	<b>-</b>	<b>(14,027)</b>	<b>(40,774)</b>	<b>55,778</b>	<b>72,151</b>
	=====	=====	=====	=====	=====	=====	=====	=====	=====	=====	=====	=====
<b>Segment profit/(loss)</b>	<b>5,208</b>	<b>7,190</b>	<b>1,457</b>	<b>654</b>	<b>1,327</b>	<b>(118)</b>	<b>(341)</b>	<b>-</b>	<b>406</b>	<b>1,386</b>	<b>8,057</b>	<b>9,112</b>
	=====	=====	=====	=====	=====	=====	=====	=====	=====	=====	=====	=====



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**[197101000730(011286-P)]**  
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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:

	<b>2Q2020</b>	<b>2Q2019</b>
	<b>RM'000</b>	<b>RM'000</b>
Segment profit	10,603	10,941
Finance costs	(2,546)	(1,829)
	<u>8,057</u>	<u>9,112</u>
Profit before tax	=====	=====

Results for 6 months ended 30 June 2020 (6M2020) and 6 months ended 30 June 2019 (6M2019) are as follows:

	<b>Property development activities</b>		<b>Property holding &amp; management</b>		<b>Construction works</b>		<b>Quarry</b>		<b>Elimination</b>		<b>Per consolidated financial statements</b>	
	<b>6M2020</b>	<b>6M2019</b>	<b>6M2020</b>	<b>6M2019</b>	<b>6M2020</b>	<b>6M2019</b>	<b>6M2020</b>	<b>6M2019</b>	<b>6M2020</b>	<b>6M2019</b>	<b>6M2020</b>	<b>6M2019</b>
	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>
<b>Revenue:</b>												
External customers	87,992	110,142	3,651	2,036	35,517	19,371	121	-	-	-	127,281	131,549
Inter-segment	-	-	-	-	31,995	71,150	-	-	(31,995)	(71,150)	-	-
	<u>87,992</u>	<u>110,142</u>	<u>3,651</u>	<u>2,036</u>	<u>67,512</u>	<u>90,521</u>	<u>121</u>	<u>-</u>	<u>(31,995)</u>	<u>(71,150)</u>	<u>127,281</u>	<u>131,549</u>
	=====	=====	=====	=====	=====	=====	=====	=====	=====	=====	=====	=====
Segment profit/(loss)	11,272	12,515	1,588	1,385	2,228	(2,292)	(859)	-	1,544	3,036	15,773	14,644
	=====	=====	=====	=====	=====	=====	=====	=====	=====	=====	=====	=====



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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:

	<b>6M2020</b> <b>RM'000</b>	<b>6M2019</b> <b>RM'000</b>
Segment profit	21,785	18,025
Finance costs	(6,012)	(3,381)
Profit before tax	<u>15,773</u> =====	<u>14,644</u> =====

**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 June 2020.

**11. Changes in Composition of the Group**

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.

**12. Changes in Contingent Liabilities and Contingent Assets**

**Contingent Liabilities**

Unsecured:

	<b>Unaudited</b> <b>30 June</b> <b>2020</b> <b>RM'000</b>	<b>Audited</b> <b>31 December</b> <b>2019</b> <b>RM'000</b>
Corporate guarantees to financial institutions in respect of banking facilities granted to subsidiary companies	<u>123,918</u>	<u>115,118</u>

**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.

**13. Capital Commitments**

	<b>As at 30 June</b>	
	<b>2020</b> <b>RM'000</b>	<b>2019</b> <b>RM'000</b>
<b>Approved and contracted for:</b>		
Investment properties	3,420	17,099
Property, plant and equipment	4,309	29,615
Total	<u>7,729</u>	<u>46,714</u>



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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:

	<b>3 months ended 30 June</b>	
	<b>2020</b>	<b>2019</b>
	<b>RM'000</b>	<b>RM'000</b>
Directors	416	403
Key management personnel	570	611

**15. Related Party Transactions**

The related party transactions are as follows:

	<b>Note</b>	<b>Transaction value</b>		<b>Balance</b>	
		<b>3 months ended</b>		<b>outstanding</b>	
		<b>30 June</b>		<b>as at</b>	
		<b>2020</b>	<b>2019</b>	<b>2020</b>	<b>2019</b>
		<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>
<b>Sharifah Deborah Sophia Ibrahim</b>	(a)				
Rental expense on premises		68	102	-	-
Sales of townhouses at The NorthBank Alyvia	*	-	-	1,233	-
<b>Hiap Ghee Seng Sdn Bhd</b>	(b)				
Rental expense on premises		27	37	-	-
Purchase of motor vehicle		-	78	-	-
<b>Ho Bee Contractor &amp; Engineering Sdn Bhd</b>	(c)				
Quarry operation		17	-	17	-

**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.

(c) Ho Bee Contractor & Engineering Sdn Bhd is a company connected to the Director 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**

	<b>Unaudited 30 June 2020 RM'000</b>	<b>Audited 31 December 2019 RM'000</b>
<b>Current</b>		
<b>Trade receivables</b>		
Third parties	29,697	38,804
Bills receivables	4,504	14,226
	34,201	53,030
Less: Allowance for impairment	(819)	(887)
Trade receivables, net	33,382	52,143
<b>Other receivables</b>		
Third parties	4,520	7,236
Deposits	2,803	2,650
	7,323	9,886
Less: Allowance for impairment – third parties	(106)	(106)
Other receivables, net	7,217	9,780
<b>Total trade and other receivables</b>	<b>40,599</b>	<b>61,923</b>
<b>Non-Current</b>		
<b>Other receivables</b>		
Deposits	290	290
<b>Total trade and other receivables (current and non-current)</b>	<b>40,889</b>	<b>62,213</b>

**Ageing analysis of trade receivables**

	<b>Unaudited 30 June 2020 RM'000</b>	<b>Audited 31 December 2019 RM'000</b>
Neither past due nor impaired	6,008	16,977
1 to 119 days past due but not impaired	20,154	31,693
More than 120 days but not impaired	7,220	3,473
Impaired	819	887
<b>Total trade receivables</b>	<b>34,201</b>	<b>53,030</b>

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 RM27.37 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**

	<b>Unaudited 30 June 2020 RM'000</b>	<b>Audited 31 December 2019 RM'000</b>
<b>Current</b>		
Trade and other payables	32,071	58,302
Provision for projects	54,109	61,796
<b>Total trade and other payables</b>	<u>86,180</u>	<u>120,098</u>
<b>Non-Current</b>		
Trade payables	<u>24,404</u>	<u>22,123</u>
<b>Total trade and other payables (current and non-current)</b>	<u>110,584</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 (2Q2020) Vs Corresponding Financial Quarter (2Q2019)**

	Current Quarter 3 months ended 30 June		Changes	
	2020 RM'000	2019 RM'000	RM'000	%
Revenue	55,778	72,151	(16,373)	(23)
Operating profit	16,196	17,528	(1,332)	(8)
Profit before interest and tax	10,603	10,941	(338)	(3)
Profit before tax	8,057	9,112	(1,055)	(12)
Profit after tax	6,084	6,648	(564)	(8)
Profit for the period attributable to owners of the parent	5,485	6,350	(865)	(14)

The Group's revenue for 2Q2020 decreased by 23% to RM55.78 million from RM72.15 million in 2Q2019. 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, sales of SOHO at 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 and Tabuan Tranquility Phase 2 Stage 3, sales of townhouses at The NorthBank Alyvia, sales of condominiums at the Park Residence, sales of apartment at Stutong Heights Apartment 3, sales of 3-storey shop offices at Bintulu Town Square, 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 2Q2019 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 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 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 RM0.50 million in 2Q2019 to RM0.23 million in 2Q2020. 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 RM4.59 million from RM5.03 million in 2Q2019. The decrease was mainly due to the decrease of professional fee and staff benefit during the current financial quarter as compared to 2Q2019. Other components of the administrative expenses have not varied much compared to those incurred during 2Q2019.



**IBRACO BERHAD**  
**[197101000730(011286-P)]**  
**(Incorporated in Malaysia)**

**19. Current 6-month financial period (6M2020) Vs corresponding 6-month financial period (6M2019)**

	<b>Cumulative Quarter 6 months ended 30 June</b>		<b>Changes</b>	
	<b>2020 RM'000</b>	<b>2019 RM'000</b>	<b>RM'000</b>	<b>%</b>
Revenue	127,281	131,549	(4,268)	(3)
Operating profit	33,389	29,299	4,090	14
Profit before interest and tax	21,785	18,025	3,760	21
Profit before tax	15,773	14,644	1,129	8
Profit after tax	11,546	10,312	1,234	12
Profit for the period attributable to owners of the parent	10,898	9,644	1,254	13

The Group's profit before tax for 6M2020 increase by 8% to RM15.77 million compared to profit before tax of RM14.64 million recorded in 6M2019.

The Group's revenue for 6M2020 decreased by 3% to RM127.28 million from RM131.55 million in 6M2019. 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 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 and Tabuan Tranquility Phase 2 Stage 3, sales of townhouses at The NorthBank Alyvia, sales of condominiums at the Park Residence, sales of apartment at Stutong Heights Apartment 3, sales of 3-storey shop offices at Bintulu Town Square, 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 6M2019 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 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.

Other income decreased from RM1.06 million to RM0.51 million in 6M2020. 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 RM9.17 million compared to RM9.02 million in 6M2019. The increase was mainly due to the increase of staff costs during the reporting period. Other components of the administrative expenses have not varied much compared to those incurred during the corresponding period.





**IBRACO BERHAD**  
**[197101000730(011286-P)]**  
**(Incorporated in Malaysia)**

**20. Comparison with Immediate Preceding Quarter's Results**

	<b>Current Quarter</b>	<b>Immediate</b>	<b>Changes</b>	
	<b>3 months ended</b>	<b>Preceding Quarter</b>	<b>RM'000</b>	<b>%</b>
	<b>30 June</b>	<b>31 March</b>		
	<b>2020</b>	<b>2020</b>		
	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>	
Revenue	55,778	71,503	(15,725)	(22)
Operating profit	16,196	17,193	(997)	(6)
Profit before interest and tax	10,603	11,182	(579)	(5)
Profit before tax	8,057	7,716	341	4
Profit after tax	6,084	5,462	622	11
Profit for the period attributable to owners of the parent	5,485	5,413	72	1

The Group recorded a profit before tax of RM8.06 million compared to a profit before tax of RM7.72 million recorded in the immediate preceding quarter ended 31 March 2020.

The Group's revenue for the current financial quarter ended 30 June 2020 decreased to RM55.78 million from RM71.50 million in the immediate preceding quarter ended 31 March 2020. Apart from the recognition of revenue from sales of town houses at The NorthBank Alyvia, sales of residential houses at Tabuan Tranquility Phase 2 Stage 3, sales of apartments at Stutong Heights, sales of 3-storey shop offices at Bintulu Town Square as well as quarry operation in the current quarter and sales of SOHO Commercial at Bintulu Town Square in the immediate preceding quarter, the revenue source for both financial quarters are similar, i.e. recognition from on-going development and completed projects namely, sales of apartment suites 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 and Tabuan Tranquility Phase 3, sales of office building at The NorthBank, construction of the new Airport at Mukah, Sarawak, construction of NR4 – Northern Regional for Sarawak Water Supply Grid Programme – Stressed Area project and rental income from investment properties.

Other income decreased from RM0.28 million in the immediate preceding quarter to RM0.23 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 increased slightly from RM4.58 million in the immediate preceding quarter ended 31 March 2020 to RM4.59 million in this current financial quarter. The administrative expenses have not varied much compared to those incurred during the immediate preceding quarter.



**IBRACO BERHAD**  
**[197101000730(011286-P)]**  
**(Incorporated in Malaysia)**

**21. Profit Before Tax**

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

	<b>3 months ended</b>		<b>6 months ended</b>	
	<b>30 June</b>		<b>30 June</b>	
	<b>2020</b>	<b>2019</b>	<b>2020</b>	<b>2019</b>
	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>
Depreciation of property, plant and equipment	458	360	929	722
Amortisation of intangible asset	124	-	249	-
Dividend income	(3)	(3)	(6)	(7)
Fair value gain on investment				
Property	-	-	-	(130)
Interest expenses	2,546	1,829	6,012	3,381
Interest income	(98)	(86)	(176)	(182)
Other income	(114)	(378)	(261)	(605)
Reversal of impairment of trade receivables	(14)	(36)	(68)	(139)

**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 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, the Group is confident that the financial results will improve in the coming quarters as the Group have RM255.47 million unbilled sales and outstanding order book of RM91.35 million as at 30 June 2020.

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 good start with the first residential project, NOVA 72, which was fully sold and would be ready to hand over to purchasers. 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. The Group first townhouse development, The Alyvia was launched in November 2019.



**IBRACO BERHAD**  
**[197101000730(011286-P)]**  
**(Incorporated in Malaysia)**

**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 acquired land at Bandar Petaling Jaya Selatan in 2018. The Group aims to kick off the development in first half of 2021, taking into consideration the revision of statutory requirements and the market needs.

The Group has also been actively tendering for the Government's construction and infrastructure projects to strengthen the Group's source of income 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**

	<b>3 months ended 30 June</b>		<b>6 months ended 30 June</b>	
	<b>2020 RM'000</b>	<b>2019 RM'000</b>	<b>2020 RM'000</b>	<b>2019 RM'000</b>
Current income tax:				
- Malaysian income tax	2,102	3,278	3,760	5,582
Deferred tax	(129)	(814)	467	(1,250)
<b>Total income tax expense</b>	<u>1,973</u>	<u>2,464</u>	<u>4,227</u>	<u>4,332</u>

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 are higher than the statutory tax rate mainly due to certain expenses are not tax deductible.

**25. Loans and Borrowings**

	<b>Unaudited As at 30 June 2020 RM'000</b>	<b>Unaudited As at 30 June 2019 RM'000</b>	<b>Audited As at 31 December 2019 RM'000</b>
<b>Short term borrowings</b>			
Secured: Finance lease liabilities	2,480	2,291	2,678
Revolving credits	114,208	97,900	113,170
Collateralised borrowings	4,504	6,255	14,226
Term loans	16,881	4,613	19,125
	<u>138,073</u>	<u>111,059</u>	<u>149,199</u>
<b>Long term borrowings</b>			
Secured: Finance lease liabilities	2,950	4,812	4,172
Term loans	107,621	124,283	112,541
	<u>110,571</u>	<u>129,095</u>	<u>116,713</u>
<b>Total loans and borrowings</b>	<u>248,644</u>	<u>240,154</u>	<u>265,912</u>



**IBRACO BERHAD**  
[197101000730(011286-P)]  
(Incorporated in Malaysia)

**25. 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 30 June 2020 has increased by RM8.49 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 apartment and construction of the new Airport at Mukah.

**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 14 August 2020, 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 14 August 2020.

**29. Earnings Per Share**

(a) Basic

	<b>3 months ended</b>		<b>6 months ended</b>	
	<b>30 June</b>		<b>30 June</b>	
	<b>2020</b>	<b>2019</b>	<b>2020</b>	<b>2019</b>
Profit attributable to owners of the parent (RM'000)	5,485	6,350	10,898	9,644
Weighted average number of ordinary shares in issue ('000)	496,406	496,406	496,406	496,406
Basic earnings per share (sen)	1.10	1.28	2.20	1.94

(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 2019 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 21 August 2020.