



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

CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

For the nine-month period ended 30 September 2020

(The figures have not been audited)

	Note	Current Quarter 3 months ended 30 September		Cumulative Quarter 9 months ended 30 September	
		2020 RM'000	2019 RM'000	2020 RM'000	2019 RM'000
Revenue		84,929	101,046	212,210	232,595
Cost of sales		(60,122)	(82,516)	(154,014)	(184,766)
Gross profit		24,807	18,530	58,196	47,829
Other income		253	288	763	1,351
Administrative expenses		(5,211)	(4,599)	(14,380)	(13,616)
Selling and marketing expenses		(2,663)	(3,085)	(5,608)	(6,405)
Finance costs		(2,618)	(2,034)	(8,630)	(5,415)
Profit before tax	21	14,568	9,100	30,341	23,744
Income tax expense	24	(3,785)	(1,214)	(8,012)	(5,546)
Profit for the period		10,783	7,886	22,329	18,198
Other comprehensive income		-	-	-	-
Total comprehensive income for the period		10,783	7,886	22,329	18,198
Profit for the period attributable to :					
Owners of the parent		10,708	6,453	21,606	16,097
Non-controlling interests		75	1,433	723	2,101
		10,783	7,886	22,329	18,198
Total comprehensive income attributable to :					
Owners of the parent		10,708	6,453	21,606	16,097
Non-controlling interests		75	1,433	723	2,101
		10,783	7,886	22,329	18,198



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CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME (contd.)

For the nine-month period ended 30 September 2020

(The figures have not been audited)

Earnings Per Share

**attributable to owners of
the parent:**

Basic, for profit for the period (Sen)	29	2.16	1.30	4.35	3.24
Diluted, for profit for the period (Sen)	29	2.16	1.30	4.35	3.24

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 September 2020 and 31 December 2019

	Note	Unaudited As at 30 September 2020 RM'000	Audited As at 31 December 2019 RM'000
ASSETS			
Property, plant & equipment		58,689	51,350
Intangible asset		5,392	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		9,324	10,331
Total non-current assets		233,059	227,062
Inventories		339,861	363,442
Trade and other receivables	16	59,209	61,923
Other current assets		87,526	117,915
Cash and bank balances		42,562	25,270
Total current assets		529,158	568,550
TOTAL ASSETS		762,217	795,612
Equity attributable to owners of the parent			
Share capital		248,203	248,203
Retained earnings		133,959	112,353
		382,162	360,556
Non-controlling interests		16,025	16,752
Total Equity		398,187	377,308
LIABILITIES			
Loans and borrowings	25	107,674	116,713
Trade and other payables	17	25,072	22,123
Total non-current liabilities		132,746	138,836
Loans and borrowings	25	136,444	149,199
Trade and other payables	17	81,943	120,098
Other current liabilities		12,897	10,171
Total current liabilities		231,284	279,468
Total liabilities		364,030	418,304
TOTAL EQUITY AND LIABILITIES		762,217	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 nine-month period ended 30 September 2020
(The figures have not been audited)

	<i>Non-distributable</i> Share capital RM'000	<i>Attributable to owners of the parent</i> <i>Distributable</i> Retained earnings RM'000	Non-Controlling interests RM'000	Total equity 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	<u>248,203</u> =====	<u>112,353</u> =====	<u>16,752</u> =====	<u>377,308</u> =====
At 1 January 2020	248,203	112,353	16,752	377,308
Total comprehensive income	-	21,606	723	22,329
Additional investment in subsidiary	-	-	(300)	(300)
Contribution by non-controlling interest	-	-	30	30
Dividend paid to non-controlling interest	-	-	(1,180)	(1,180)
At 30 September 2020	<u>248,203</u> =====	<u>133,959</u> =====	<u>16,025</u> =====	<u>398,187</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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CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS

For the nine-month period ended 30 September 2020

(The figures have not been audited)

	9 months ended 30 September 2020 RM'000	2019 RM'000
CASH FLOWS FROM OPERATING ACTIVITIES		
Profit before tax	30,341	23,744
Adjustments for:		
Amortisation of intangible asset	374	-
Depreciation of property, plant and equipment	1,569	1,614
Dividend income	(8)	(10)
Fair value gain on investment properties	-	(130)
Gain from disposal of property, plant and equipments	(1)	-
Interest expenses	8,630	5,415
Interest income	(241)	(239)
Reversal of impairment of trade receivables	(101)	(207)
Operating profit before working capital changes	40,563	30,187
Changes in working capital:		
Inventories	23,581	(1,258)
Land held for developments	(39)	-
Receivables	2,815	(9,970)
Other current assets	26,698	(43,443)
Payables	(35,206)	32,069
Other current liabilities	4,340	10,778
Cash generated from operations	62,752	18,363
Interest paid	(8,630)	(5,415)
Interest received	241	239
Taxes paid	(9,938)	(6,825)
Taxes refunded	6,624	4,896
Net cash generated from operating activities	51,049	11,258
CASH FLOWS FROM INVESTING ACTIVITIES		
Additional investment in subsidiary	(300)	-
Deposits with maturity more than 3 months	(122)	(1,668)
Dividend received	8	10
Expenditure incurred on investment properties under construction	-	(22,722)
Proceeds from disposal of property, plant and equipments	15	-
Purchase of property, plant and equipment	(10,536)	(9,219)
Subscription of shares in associate	-	(3,381)
Net cash used in investing activities	(10,935)	(36,980)



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CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS (contd.)

For the nine-month period ended 30 September 2020

(The figures have not been audited)

	9 months ended 30 September 2020 RM'000	2019 RM'000
CASH FLOWS FROM FINANCING ACTIVITIES		
Dividends paid on ordinary shares	-	(7,446)
Dividends paid to non-controlling interest	(1,180)	-
Proceeds from loans and borrowings	81,874	144,828
Proceeds from issuance of shares	30	405
Repayment of finance leases	(1,739)	(1,827)
Repayment of lease liabilities	(338)	(528)
Repayment of loans and borrowings	(101,591)	(126,772)
Net cash (used in) / generated from financing activities	(22,944)	8,660
Net increase / (decrease) in cash and cash equivalents	17,170	(17,062)
Cash and cash equivalents at beginning of financial period	20,852	44,791
Cash and cash equivalents at end of financial period	38,022	27,729

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

	As at 30 September 2020 RM'000	2019 RM'000
Cash and bank balances	42,562	32,125
Less:		
Deposits with maturity more than 3 months	(4,176)	(4,032)
Deposits pledged for bank borrowings	(364)	(364)
Cash and cash equivalents	38,022	27,729

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 30 September 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 September 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 nine months ended 30 September 2020 (nine months ended 30 September 2019: RM718,700). The cash outflow on acquisition of property, plant and equipment amounted to RM10,536,376 during the nine months ended 30 September 2020 (nine months ended 30 September 2019: RM9,509,080).

There were disposal of property, plant and equipment at RM15,000 during the nine months ended 30 September 2020 (nine months ended 30 September 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 September 2020.

8. Dividend Paid

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

	Property development activities		Property holding & management		Construction works		Quarry		Elimination		Per consolidated financial statements	
	3Q2020 RM'000	3Q2019 RM'000	3Q2020 RM'000	3Q2019 RM'000	3Q2020 RM'000	3Q2019 RM'000	3Q2020 RM'000	3Q2019 RM'000	3Q2020 RM'000	3Q2019 RM'000	3Q2020 RM'000	3Q2019 RM'000
Revenue:												
External customers	49,537	80,664	1,413	1,017	30,930	19,365	3,049	-	-	-	84,929	101,046
Inter-segment	-	-	-	-	11,367	35,800	2,521	-	(13,888)	(35,800)	-	-
Total revenue	<u>49,537</u>	<u>80,664</u>	<u>1,413</u>	<u>1,017</u>	<u>42,297</u>	<u>55,165</u>	<u>5,570</u>	<u>-</u>	<u>(13,888)</u>	<u>(35,800)</u>	<u>84,929</u>	<u>101,046</u>
	=====	=====	=====	=====	=====	=====	=====	=====	=====	=====	=====	=====
Segment profit/(loss)	<u>9,373</u>	<u>12,806</u>	<u>318</u>	<u>468</u>	<u>3,917</u>	<u>(6,366)</u>	<u>22</u>	<u>-</u>	<u>938</u>	<u>2,192</u>	<u>14,568</u>	<u>9,100</u>
	=====	=====	=====	=====	=====	=====	=====	=====	=====	=====	=====	=====



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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:

	3Q2020	3Q2019
	RM'000	RM'000
Segment profit	17,186	11,134
Finance costs	(2,618)	(2,034)
	<u>14,568</u>	<u>9,100</u>
Profit before tax	14,568	9,100
	=====	=====

Results for 9 months ended 30 September 2020 (9M2020) and 9 months ended 30 September 2019 (9M2019) are as follows:

	Property development activities		Property holding & management		Construction works		Quarry		Elimination		Per consolidated financial statements	
	9M2020	9M2019	9M2020	9M2019	9M2020	9M2019	9M2020	9M2019	9M2020	9M2019	9M2020	9M2019
	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
Revenue:												
External customers	137,529	190,806	5,064	3,053	66,447	38,736	3,170	-	-	-	212,210	232,595
Inter-segment	-	-	-	-	43,362	106,950	2,521	-	(45,883)	(106,950)	-	-
	<u>137,529</u>	<u>190,806</u>	<u>5,064</u>	<u>3,053</u>	<u>109,809</u>	<u>145,686</u>	<u>5,691</u>	<u>-</u>	<u>(45,883)</u>	<u>(106,950)</u>	<u>212,210</u>	<u>232,595</u>
	=====	=====	=====	=====	=====	=====	=====	=====	=====	=====	=====	=====
Segment profit/(loss)	20,645	25,321	1,906	1,853	6,145	(8,658)	(837)	-	2,482	5,228	30,341	23,744
	=====	=====	=====	=====	=====	=====	=====	=====	=====	=====	=====	=====



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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:

	9M2020	9M2019
	RM'000	RM'000
Segment profit	38,971	29,159
Finance costs	(8,630)	(5,415)
	<hr/>	<hr/>
Profit before tax	30,341	23,744
	=====	=====

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 2020.

11. Changes in Composition of the Group

There were no changes in the composition of the Group during the current quarter ended 30 September 2020.

12. Changes in Contingent Liabilities and Contingent Assets

Contingent Liabilities

Unsecured:

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

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

	As at 30 September	
	2020	2019
	RM'000	RM'000
Approved and contracted for:		
Investment properties	17,847	9,279
Property, plant and equipment	2,022	14,867
Total	<hr/>	<hr/>
	19,869	24,146
	<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	
	2020	2019
	RM'000	RM'000
Directors	380	403
Key management personnel	491	556

15. Related Party Transactions

The related party transactions are as follows:

	Note	Transaction value		Balance	
		3 months ended		Outstanding	
		30 September		as at 30	
		2020	2019	2020	2019
		RM'000	RM'000	RM'000	RM'000
Sharifah Deborah Sophia Ibrahim	(a)				
Rental expense on premises		-	102	-	-
Sales of townhouses at The NorthBank Alyvia	*	-	-	754	-
Hiap Ghee Seng Sdn Bhd	(b)				
Rental expense on premises		37	37	-	-
Ho Bee Contractor & Engineering Sdn Bhd	(c)				
Quarry operation		936	-	711	-

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

	Unaudited 30 September 2020	Audited 31 December 2019
Trade receivables		
Third parties	49,256	38,804
Bills receivables	1,716	14,226
	50,972	53,030
Less: Allowance for impairment	(786)	(887)
Trade receivables, net	50,186	52,143
Other receivables		
Third parties	5,358	7,236
Deposits	3,771	2,650
	9,129	9,886
Less: Allowance for impairment – third parties	(106)	(106)
Other receivables, net	9,023	9,780
Total trade and other receivables	59,209	61,923
Non-Current		
Other receivables		
Deposits	290	290
Total trade and other receivables (current and non-current)	59,499	62,213

Ageing analysis of trade receivables

	Unaudited 30 September 2020 RM'000	Audited 31 December 2019 RM'000
Neither past due nor impaired	18,272	16,977
1 to 119 days past due but not impaired	24,613	31,693
More than 120 days but not impaired	7,301	3,473
Impaired	786	887
Total trade receivables	50,972	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 RM31.91 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 2020 RM'000	Audited 31 December 2019 RM'000
Current		
Trade and other payables	32,081	58,302
Provision for projects	49,862	61,796
Total trade and other payables	81,943	120,098
Non-Current		
Trade payables	25,072	22,123
Total trade and other payables (current and non-current)	107,015	142,221



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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 (3Q2020) Vs Corresponding Financial Quarter (3Q2019)

	Current Quarter 3 months ended 30 September		Changes	
	2020 RM'000	2019 RM'000	RM'000	%
Revenue	84,929	101,046	(16,117)	(16)
Operating profit	24,807	18,530	6,277	34
Profit before interest and tax	17,186	11,134	6,052	54
Profit before tax	14,568	9,100	5,468	60
Profit after tax	10,783	7,886	2,897	37
Profit for the period attributable to owners of the parent	10,708	6,453	4,255	66

The Group's revenue for 3Q2020 decreased by 16% to RM84.93 million from RM101.05 million in 3Q2019. During this reporting quarter, the Group's revenue was primarily recognised from the sales of apartment suites at ContiNew, Kuala Lumpur and at The NorthBank Avona, sales of 3-storey shop offices at The NorthBank Business Exchange Phase 1 and at Tabuan Tranquility Phase 3 Stage 2, sales of Small Office Home Office ("SOHO") Tabuan Tranquility Phase 3 and Bintulu Town Square, sale of SOHO Commercial at Tabuan Tranquility Phase 3, sales of residential houses at The NorthBank Nova 72, The NorthBank Alyvia and at Tabuan Tranquility Phase 2 Stage 3, 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 and construction of NR4 – Northern Regional for Sarawak Water Supply Grid Programme – Stressed Area project, Sarawak, quarry operation and rental income from investment properties.

Whilst, the Group's revenue for 3Q2019 was mainly recognized 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.

Other income decreased from RM0.29 million in 3Q2019 to RM0.25 million in 3Q2020. 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 RM5.21 million from RM4.60 million in 3Q2019. The increase was mainly due to increase in professional fee and amortization of intangible asset during the current financial quarter. Other components of the administrative expenses have not varied much compared to those incurred during 3Q2019.



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19. Current 9-month financial period (9M2020) Vs corresponding 9-month financial period (9M2019)

	Cumulative Quarter 9 months ended 30 September		Changes	
	2020 RM'000	2019 RM'000	RM'000	%
Revenue	212,210	232,595	(20,385)	(9)
Operating profit	58,196	47,829	10,367	22
Profit before interest and tax	38,971	29,159	9,812	34
Profit before tax	30,341	23,744	6,597	28
Profit after tax	22,329	18,198	4,131	23
Profit for the period attributable to owners of the parent	21,606	16,097	5,509	34

The Group's profit before tax for 9M2020 increased by 28% to RM30.34 million compared to a profit before tax of RM23.74 million recorded in 9M2019.

The Group's revenue for 9M2020 decreased to RM212.21 million from RM232.60 million in 9M2019. 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 apartment suites at ContiNew, Kuala Lumpur and at The NorthBank Avona, sales of 3-storey shop offices at The NorthBank Business Exchange Phase 1, Tabuan Tranquility Phase 3 Stage 2 and Bintulu Town Square, sales of Small Office Home Office ("SOHO") Tabuan Tranquility Phase 3 and Bintulu Town Square, sale of SOHO Commercial at Tabuan Tranquility Phase 3 and Bintulu Town Square, sales of residential houses at The NorthBank Nova 72, The NorthBank Alyvia and at Tabuan Tranquility Phase 2 Stage 3, 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 and construction of NR4 – Northern Regional for Sarawak Water Supply Grid Programme – Stressed Area project, Sarawak, quarry operation and rental income from investment properties.

Whilst, the Group's revenue for 9M2019 was mainly 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, 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 RM1.35 million to RM0.76 million in 9M2020. 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 RM14.38 million compared to RM13.62 million in 9M2019. The increase was mainly due to increase in professional fees and amortization 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 2020 RM'000	Immediate Preceding Quarter 3 months ended 30 June 2020 RM'000	Changes	
			RM'000	%
Revenue	84,929	55,778	29,151	52
Operating profit	24,807	16,196	8,611	53
Profit before interest and tax	17,186	10,603	6,583	62
Profit before tax	14,568	8,057	6,511	81
Profit after tax	10,783	6,084	4,699	77
Profit for the period attributable to owners of the parent	10,708	5,485	5,223	95

The Group recorded a profit before tax of RM14.57 million compared to a profit before tax of RM8.06 million recorded in the immediate preceding quarter ended 30 June 2020.

The Group's revenue for the current financial quarter ended 30 September 2020 increased to RM84.93 million from RM55.78 million in the immediate preceding quarter ended 30 June 2020. Apart from the recognition of revenue from sales of 3-storey shop offices at Bintulu Town Square in the immediate preceding quarter, the revenue source for both financial quarters are similar, i.e. recognition from on-going development and completed projects namely, sales of apartment suites at ContiNew, Kuala Lumpur and at The NorthBank Avona, sales of 3-storey shop offices at The NorthBank Business Exchange Phase 1 and at Tabuan Tranquility Phase 3 Stage 2, sales of Small Office Home Office ("SOHO") at Tabuan Tranquility Phase 3 and Bintulu Town Square, sale of SOHO Commercial at Tabuan Tranquility Phase 3, sales of residential houses at The NorthBank Nova 72, The NorthBank Alyvia and at Tabuan Tranquility Phase 2 Stage 3, 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 and construction of NR4 – Northern Regional for Sarawak Water Supply Grid Programme – Stressed Area project, Sarawak, quarry operation and rental income from investment properties.

Other income increased from RM0.23 million in the immediate preceding quarter to RM0.25 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 from RM4.59 million in the immediate preceding quarter ended 30 June 2020 to RM5.21 million in this current financial quarter. The increase was mainly due to increase in professional fees and depreciation during current reporting period. 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	
	2020	2019	2020	2019
	RM'000	RM'000	RM'000	RM'000
Amortisation of intangible asset	125	-	374	-
Depreciation of property, plant and equipment	640	537	1,569	1,614
Dividend income	(2)	(3)	(8)	(10)
Fair value gain on investment properties	-	-	-	(130)
Gain from disposal of property, Plant and equipment	(1)	-	(1)	-
Interest expenses	2,618	2,034	8,630	5,415
Interest income	(65)	(57)	(241)	(239)
Other income	(152)	(160)	(412)	(765)
Reversal of impairment of trade receivables	(33)	(68)	(101)	(207)

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 RM227.43 million unbilled sales and outstanding order book of RM59.93 million as at 30 September 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. At present the group is focusing on a mixed development project namely, The NorthBank. This integrated development sits on a 123-acre land, located right opposite the Tabuan Tranquility project. Combining the popularity of landed residences with the growing trend of high-rise developments, and complemented with commercial components, The NorthBank offers purchasers with choices of various type of residences built within a walking distance to commercials, office units, social clubhouse, educational institution and Medical Specialist Centre.

The NorthBank got off to a good start with the first residential project, NOVA 72, which was fully sold and ready to hand over to purchasers. In March and June 2019, the Group has officially launched the commercial space and service apartments 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. Another phase of shop office development was launched in September 2020.



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

	3 months ended		9 months ended	
	30 September		30 September	
	2020	2019	2020	2019
	RM'000	RM'000	RM'000	RM'000
Current income tax:				
- Malaysian income tax	3,245	5,948	7,005	11,530
- Overprovision in respect of previous years	-	(1,708)	-	(1,708)
	<u>3,245</u>	<u>4,240</u>	<u>7,005</u>	<u>9,822</u>
Deferred tax	540	(3,026)	1,007	(4,276)
Total income tax expense	<u><u>3,785</u></u>	<u><u>1,214</u></u>	<u><u>8,012</u></u>	<u><u>5,546</u></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.



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25. Loans and Borrowings

	Unaudited As at 30 September 2020 RM'000	Unaudited As at 30 September 2019 RM'000	Audited As at 31 December 2019 RM'000
Short term borrowings			
Secured: Finance lease liabilities	2,423	2,324	2,678
Revolving credits	109,876	111,356	113,170
Collaterised borrowings	1,716	12,753	14,226
Term loans	22,429	5,550	19,125
	<hr/> 136,444	<hr/> 131,983	<hr/> 149,199
Long term borrowings			
Secured: Finance lease liabilities	2,350	4,563	4,172
Term loans	105,324	126,660	112,541
	<hr/> 107,674	<hr/> 131,223	<hr/> 116,713
Total loans and borrowings	<hr/> 244,118	<hr/> 263,206	<hr/> 265,912

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 2020 has decreased by RM19.09 million as compared to the corresponding financial period. The decrease was mainly due to the repayment of finance lease liabilities and collaterised borrowings.

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 13 November 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 13 November 2020.



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29. Earnings Per Share

(a) Basic

	3 months ended 30 September		9 months ended 30 September	
	2020	2019	2020	2019
Profit attributable to owners of the parent (RM'000)	10,708	6,453	21,606	16,097
Weighted average number of ordinary shares in issue ('000)	496,406	496,406	496,406	496,406
Basic earnings per share (sen)	2.16	1.30	4.35	3.24

(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 20 November 2020.