



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

CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

For the six-month period ended 30 June 2021

(The figures have not been audited)

	Note	Current Quarter 3 months ended 30 June		Cumulative Quarter 6 months ended 30 June	
		2021 RM'000	2020 RM'000	2021 RM'000	2020 RM'000
Revenue		39,751	55,778	94,683	127,281
Cost of sales		(24,764)	(39,582)	(61,471)	(93,892)
Gross profit		14,987	16,196	33,212	33,389
Other income		232	228	596	510
Administrative expenses		(6,426)	(4,594)	(12,061)	(9,169)
Selling and marketing expenses		(2,048)	(1,227)	(4,683)	(2,945)
Finance costs		(2,342)	(2,546)	(4,455)	(6,012)
Profit before tax	21	4,403	8,057	12,609	15,773
Income tax expense	24	(1,303)	(1,973)	(3,553)	(4,227)
Profit for the period		3,100	6,084	9,056	11,546
Other comprehensive income		-	-	-	-
Total comprehensive income for the period		3,100	6,084	9,056	11,546
Profit for the period attributable to :					
Owners of the parent		2,823	5,485	8,399	10,898
Non-controlling interests		277	599	657	648
		3,100	6,084	9,056	11,546
Total comprehensive income attributable to :					
Owners of the parent		2,823	5,485	8,399	10,898
Non-controlling interests		277	599	657	648
		3,100	6,084	9,056	11,546



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CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME (contd.)

For the six-month period ended 30 June 2021

(The figures have not been audited)

Earnings Per Share
attributable to owners of
the parent:

Basic, for profit for the period (Sen)	29	0.57	1.10	1.69	2.20
Diluted, for profit for the period (Sen)	29	0.57	1.10	1.69	2.20

The condensed consolidated statement of comprehensive income should be read in conjunction with the audited financial statements for the year ended 31 December 2020 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 2021 and 31 December 2020

	Note	Unaudited As at 30 June 2021 RM'000	Audited As at 31 December 2020 RM'000
ASSETS			
Property, plant & equipment		62,432	60,507
Intangible asset		5,019	5,268
Investment in an associate		2,273	1,783
Investment in joint venture		300	-
Inventories		45,134	45,134
Completed investment properties		114,300	114,300
Investment property under construction		3,482	2,096
Trade and other receivables	16	290	290
Deferred tax assets		10,030	10,340
Total non-current assets		243,260	239,718
Inventories		319,860	340,640
Trade and other receivables	16	23,473	36,032
Other current assets		106,575	109,838
Cash and bank balances		46,076	58,329
Total current assets		495,984	544,839
TOTAL ASSETS		739,244	784,557
Equity attributable to owners of the parent			
Share capital		248,203	248,203
Retained earnings		145,793	147,298
		393,996	395,501
Non-controlling interests		11,718	15,281
Total Equity		405,714	410,782
LIABILITIES			
Loans and borrowings	25	99,526	109,575
Trade and other payables	17	17,303	14,497
Total non-current liabilities		116,829	124,072
Loans and borrowings	25	132,116	132,992
Trade and other payables	17	77,984	113,409
Other current liabilities		5,530	990
Income tax payable		1,071	2,312
Total current liabilities		216,701	249,703
Total liabilities		333,530	373,775
TOTAL EQUITY AND LIABILITIES		739,244	784,557

The condensed consolidated statement of financial position should be read in conjunction with the audited financial statements for the year ended 31 December 2020 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 2021
(The figures have not been audited)

	<i>Non-distributable</i> Share capital RM'000	Attributable to owners of the parent <i>Distributable</i> Retained earnings RM'000	Non-Controlling interests RM'000	Total equity RM'000
At 1 January 2020	248,203	112,353	16,752	377,308
Total comprehensive income	-	34,917	7	34,924
Acquisition of non-controlling interest	-	28	(328)	(300)
Contribution by non-controlling interest	-	-	30	30
Dividend paid to non-controlling interest	-	-	(1,180)	(1,180)
At 31 December 2020	<u>248,203</u> =====	<u>147,298</u> =====	<u>15,281</u> =====	<u>410,782</u> =====
At 1 January 2021	248,203	147,298	15,281	410,782
Total comprehensive income	-	8,399	657	9,056
Acquisition of non-controlling interest	-	(5)	(21)	(26)
Contribution by non-controlling interest	-	29	1	30
Dividends on ordinary shares	-	(9,928)	-	(9,928)
Dividends paid to non-controlling interest	-	-	(4,200)	(4,200)
At 30 June 2021	<u>248,203</u> =====	<u>145,793</u> =====	<u>11,718</u> =====	<u>405,714</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 2020 and the accompanying explanatory notes attached to the interim financial statements.



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CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS

For the six-month period ended 30 June 2021
(The figures have not been audited)

	6 months ended 30 June	
	2021	2020
	RM'000	RM'000
CASH FLOWS FROM OPERATING ACTIVITIES		
Profit before tax	12,609	15,773
Adjustments for:		
Amortisation of intangible asset	249	249
Depreciation of property, plant and equipment	2,802	929
Dividend income	(7)	(6)
Gain from disposal of property, plant and equipment	(20)	-
Interest expenses	4,455	6,012
Interest income	(146)	(176)
Reversal of impairment of trade receivables	(49)	(68)
Operating profit before working capital changes	19,893	22,713
Changes in working capital:		
Deposit pledged for bank borrowings	(25)	-
Inventories	20,780	15,226
Receivables	12,608	21,392
Other current assets	3,263	10,950
Payables	(32,589)	(31,637)
Other current liabilities	5,259	229
Cash generated from operations	29,189	38,873
Interest paid	(4,455)	(6,012)
Interest received	146	176
Taxes paid	(5,116)	(6,992)
Taxes refunded	632	6,624
Net cash generated from operating activities	20,396	32,669
CASH FLOWS FROM INVESTING ACTIVITIES		
Deposit with maturity more than three months	(3,897)	(122)
Dividend received	7	6
Expenditure incurred on investment properties under construction	(1,386)	(7,097)
Proceeds from disposal of property, plant and equipment	20	-
Purchase of property, plant and equipment	(5,446)	(1,968)
Subscription of shares in associate	(490)	-
Subscription of shares in joint venture	(300)	-
Net cash used in investing activities	(11,492)	(9,181)



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CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS (contd.)

For the six-month period ended 30 June 2021
(The figures have not been audited)

	6 months ended 30 June	
	2021	2020
	RM'000	RM'000
CASH FLOWS FROM FINANCING ACTIVITIES		
Acquisition of non-controlling interest	(26)	-
Dividends on ordinary shares	(9,928)	-
Dividends paid to non-controlling interest	(4,200)	-
Proceeds from loans and borrowings	45,168	59,695
Proceeds from issuance of shares	-	30
Repayment of finance leases	(1,157)	(1,420)
Repayment of lease liability	(65)	-
Repayment of loans and borrowings	(54,871)	(75,543)
Net cash used in financing activities	(25,079)	(17,238)
Net (decrease)/increase in cash and cash equivalents	(16,175)	6,250
Cash and cash equivalents at beginning of financial period	53,771	20,852
Cash and cash equivalents at end of financial period	37,596	27,102

	As at 30 June	
	2021	2020
	RM'000	RM'000
Cash and bank balances	46,076	31,642
Less:		
Deposits with maturity more than 3 months	(8,091)	(4,176)
Deposits pledged for bank borrowings	(389)	(364)
Cash and cash equivalents	37,596	27,102

The condensed consolidated statement of cash flows should be read in conjunction with the audited financial statements for the year ended 31 December 2020 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 2020. 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 2020.

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 2020.

On 1 January 2021, the Group adopted Amendments to MFRS 9, MFRS 139 and MFRS 7, MFRS 4 and MFRS 16: Interest Rate Benchmark Reform Phase 2.

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 2021.

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 2021.



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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 three months ended 30 June 2021 (six months ended 30 June 2020: RM Nil). The cash outflow on acquisition of property, plant and equipment amounted to RM5,445,675 during the six months ended 30 June 2021 (six months ended 30 June 2020: RM9,064,816).

There were disposal of property, plant and equipment at RM20,000 during the six months ended 30 June 2021 (six months ended 30 June 2020: 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 2021.

8. Dividend Paid

On 25 February 2021, the Board of Directors have approved an interim single-tier dividend of 2.00 sen per ordinary share for the financial year ended 31 December 2020. The dividend was paid on 15 April 2021 to shareholder whose name appear in the Register of Depositors on 6 April 2021.



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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 June 2021 (2Q2021) and 3 months ended 30 June 2020 (2Q2020) are as follows:

	Property development activities		Property holding & management		Construction works		Quarry operation		Elimination		Per consolidated financial statements	
	2Q2021	2Q2020	2Q2021	2Q2020	2Q2021	2Q2020	2Q2021	2Q2020	2Q2021	2Q2020	2Q2021	2Q2020
	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	29,229	40,443	2,107	2,393	2,889	12,821	5,526	121	-	-	39,751	55,778
Inter-segment	-	-	-	-	12,523	14,027	-	-	(12,523)	(14,027)	-	-
Total revenue	29,229	40,443	2,107	2,393	15,412	26,848	5,526	121	(12,523)	(14,027)	39,751	55,778
	=====	=====	=====	=====	=====	=====	=====	=====	=====	=====	=====	=====
Segment profit/(loss)	2,665	5,208	1,767	1,457	(958)	1,327	606	(341)	323	406	4,403	8,057
	=====	=====	=====	=====	=====	=====	=====	=====	=====	=====	=====	=====



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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:

	2Q2021	2Q2020
	RM'000	RM'000
Segment profit	6,745	10,603
Finance costs	(2,342)	(2,546)
	<u>4,403</u>	<u>8,057</u>
Profit before tax	=====	=====

Results for 6 months ended 30 June 2021 (6M2021) and 6 months ended 30 June 2020 (6M2020) are as follows:

	Property development activities		Property holding & management		Construction works		Quarry operation		Elimination		Per consolidated financial statements	
	6M2021	6M2020	6M2021	6M2020	6M2021	6M2020	6M2021	6M2020	6M2021	6M2020	6M2021	6M2020
	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	73,164	87,992	4,214	3,651	7,644	35,517	9,661	121	-	-	94,683	127,281
Inter-segment	-	-	-	-	26,532	31,995	-	-	(26,532)	(31,995)	-	-
	<u>73,164</u>	<u>87,992</u>	<u>4,214</u>	<u>3,651</u>	<u>34,176</u>	<u>67,512</u>	<u>9,661</u>	<u>121</u>	<u>(26,532)</u>	<u>(31,995)</u>	<u>94,683</u>	<u>127,281</u>
Total revenue	=====	=====	=====	=====	=====	=====	=====	=====	=====	=====	=====	=====
Segment profit/(loss)	9,489	11,272	3,078	1,588	(1,246)	2,228	825	(859)	463	1,544	12,609	15,773
	=====	=====	=====	=====	=====	=====	=====	=====	=====	=====	=====	=====



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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:

	6M2021	6M2020
	RM'000	RM'000
Segment profit	17,064	21,785
Finance costs	(4,455)	(6,012)
	<hr/>	<hr/>
Profit before tax	12,609	15,773
	=====	=====

10. Event After the Reporting Period

On 8 July 2021, Ibraco Construction Sdn Bhd, a wholly owned subsidiary of Ibraco Berhad, received and accepted the Letter of Award from Bumia Sdn Bhd as turnkey contractor for the engineering, construction and commissioning of 738 units of various houses under Rumah Pertiwi Scheme complete with multi-purpose hall and surau on Lot 2364 Block 11 Matang Land District, Kuching.

11. Changes in Composition of the Group

There were no changes in the composition of the Group during the current quarter ended 30 June 2021.

12. Changes in Contingent Liabilities and Contingent Assets

Contingent Liabilities

Unsecured:

	Unaudited	Audited
	30 June	31 December
	2021	2020
	RM'000	RM'000
Corporate guarantees to financial institutions in respect of banking facilities granted to subsidiary companies	156,918	123,918
	<hr/>	<hr/>

There were no contingent assets since the last annual statement of financial position as at 31 December 2020 till the end of the financial period.

13. Capital Commitments

	As at 30 June	
	2021	2020
	RM'000	RM'000
Approved and contracted for:		
Investment properties	1,697	3,420
Property, plant and equipment	14,164	4,309
Total	<hr/>	<hr/>
	15,861	7,729



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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 June	
	2021	2020
	RM'000	RM'000
Directors	423	416
Key management personnel	569	570

15. Related Party Transactions

The related party transactions are as follows:

	Note	Transaction value		Balance	
		3 months ended		Outstanding	
		30 June		as at 30 June	
		2021	2020	2021	2020
		RM'000	RM'000	RM'000	RM'000
Sharifah Deborah Sophia Ibrahim	(a)				
Rental expense on premises		-	68	-	-
Sales of townhouses at The NorthBank, Alyvia	*	-	-	274	1,233
Hiap Ghee Seng Sdn Bhd	(b)				
Rental expense on premises		37	27	-	-
Lian Hua Seng Sdn Bhd	(b)				
Purchase of goods		13	-	-	-
Ho Bee Contractor & Engineering Sdn Bhd	(c)				
Quarry operation		1,190	17	663	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 and Lian Hua Seng Sdn Bhd are companies connected to the Director of the Company who is also a major shareholder of the Company.

(c) Ho Bee Contractor & Engineering Sdn Bhd is a company connected to a 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 June 2021	Audited 31 December 2020
Trade receivables		
Third parties	14,768	26,931
Bills receivables	-	3,013
	14,768	29,944
Less: Allowance for impairment	(718)	(767)
Trade receivables, net	14,050	29,177
Other receivables		
Third parties	3,922	3,346
Deposits	5,607	3,615
	9,529	6,961
Less: Allowance for impairment – third parties	(106)	(106)
Other receivables, net	9,423	6,855
Total trade and other receivables	23,473	36,032
Non-Current		
Other receivables		
Deposits	290	290
Total trade and other receivables (current and non-current)	23,763	36,322

Ageing analysis of trade receivables

	Unaudited 30 June 2021 RM'000	Audited 31 December 2020 RM'000
Neither past due nor impaired	8,325	15,474
1 to 119 days past due but not impaired	4,796	10,372
More than 120 days but not impaired	929	3,331
Impaired	718	767
Total trade receivables	14,768	29,944

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 RM5.73 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 June 2021 RM'000	Audited 31 December 2020 RM'000
Current		
Trade and other payables	44,567	64,532
Provision for projects	33,417	48,877
Total trade and other payables	<u>77,984</u>	<u>113,409</u>
Non-Current		
Trade payables	17,303	14,497
Total trade and other payables (current and non-current)	<u>95,287</u>	<u>127,906</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 (2Q2021) Vs Corresponding Financial Quarter (2Q2020)

	Current Quarter 3 months ended 30 June		Changes	
	2021	2020	RM'000	%
	RM'000	RM'000		
Revenue	39,751	55,778	(16,027)	(29)
Operating profit	14,987	16,196	(1,209)	(7)
Profit before interest and tax	6,745	10,603	(3,858)	(36)
Profit before tax	4,403	8,057	(3,654)	(45)
Profit after tax	3,100	6,084	(2,984)	(49)
Profit for the period attributable to owners of the parent	2,823	5,485	(2,662)	(49)

The Group's revenue for 2Q2021 decreased by 29% to RM39.75 million from RM55.78 million in 2Q2020. During this reporting quarter, the Group's revenue was primarily recognised from the sales of apartment suites and commercial lots at ContiNew, Kuala Lumpur, sales of apartment suites at The NorthBank Avona, sales of 3-storey shop offices at The NorthBank Business Exchange Phase 1 & 2, Tabuan Tranquility Phase 3 Stage 2 and Bintulu Town Square, sales of Small Office Home Office ("SOHO") Commercial at Bintulu Town Square, sales of residential houses at The NorthBank Nova 72, sales of townhouses at The NorthBank Alyvia, sales of apartments at Stutong Heights Apartment 3, 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 2Q2020 was mainly recognised from the sales of 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.

Other income remained at RM0.23 million in 2Q2021 as compared to in 2Q2020. 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, gain from disposal of property, plant and equipment, tender documents fee and administrative charges for sub-sales and re-financing.

Administrative expenses increased to RM6.43 million from RM4.59 million in 2Q2020. The increase was mainly due to the increase of depreciation and staff costs in 2Q2021. Other components of the administrative expenses have not varied much compared to those incurred during 2Q2020.



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19. Current 6-month financial period (6M2021) Vs corresponding 6-month financial period (6M2020)

	Cumulative Quarter 6 months ended 30 June			
	2021	2020	Changes	
	RM'000	RM'000	RM'000	%
Revenue	94,683	127,281	(32,598)	(26)
Operating profit	33,212	33,389	(177)	(1)
Profit before interest and tax	17,064	21,785	(4,721)	(22)
Profit before tax	12,609	15,773	(3,164)	(20)
Profit after tax	9,056	11,546	(2,490)	(22)
Profit for the period attributable to owners of the parent	8,399	10,898	(2,499)	(23)

The Group's profit before tax for 6M2021 decrease by 20% to RM12.61 million compared to profit before tax of RM15.77 million recorded in 6M2020.

The Group's revenue for 6M2021 decreased by 26% to RM94.68 million from RM127.28 million in 6M2020. 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 and commercial lots at ContiNew, Kuala Lumpur, sales of apartment suites at The NorthBank Avona, sales of 3-storey shop offices at The NorthBank Business Exchange Phase 1 & 2, Tabuan Tranquility Phase 3 Stage 2 and Bintulu Town Square, sales of Small Office Home Office ("SOHO") Commercial at Bintulu Town Square, sales of residential houses at The NorthBank Nova 72, sales of townhouses at The NorthBank Alyvia, sales of condominiums at The Park Residence, sales of apartments at Stutong Heights Apartment 3, 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 6M2020 was mainly recognised from the sales of 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.

Other income increase slightly from RM0.51 million to RM0.60 million in 6M2021. 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 RM12.06 million compared to RM9.17 million in 6M2020. The increase was mainly due to the increase of depreciation and staff costs 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 June 2021 RM'000	Immediate Preceding Quarter 3 months ended 31 March 2021 RM'000	Changes	
			RM'000	%
Revenue	39,751	54,932	(15,181)	(28)
Operating profit	14,987	18,225	(3,238)	(18)
Profit before interest and tax	6,745	10,319	(3,574)	(35)
Profit before tax	4,403	8,206	(3,803)	(46)
Profit after tax	3,100	5,956	(2,856)	(48)
Profit for the period attributable to owners of the parent	2,823	5,576	(2,753)	(49)

The Group recorded a profit before tax of RM4.40 million compared to a profit before tax of RM8.21 million recorded in the immediate preceding quarter ended 31 March 2021.

The Group's revenue for the current financial quarter ended 30 June 2021 decreased to RM39.75 million from RM54.93 million in the immediate preceding quarter ended 31 March 2021. Apart from the recognition of revenue from sales of condominium at The Park Residence in the immediate preceding quarter and sales of 3-storey shop offices at The NorthBank Business Exchange Phase 2 in current quarter, the revenue source for both financial quarters are similar, i.e. recognition from ongoing development and completed projects namely, sales of apartment suites and commercial lots at ContiNew, Kuala Lumpur, sales of apartment suites 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 SOHO Commercial at Bintulu Town Square, sales of residential houses at The NorthBank Nova 72, sales of townhouses at The NorthBank Alyvia, sales of apartments at Stutong Heights, 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 decreased from RM0.36 million in the immediate preceding quarter to RM0.23 million in this reporting quarter. 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, gain from disposal of property, plant and equipment, tender documents fee and administrative charges for sub-sales and re-financing.

Administrative expenses increased from RM5.64 million in the immediate preceding quarter ended 31 March 2021 to RM6.43 million in this current financial quarter. The increase was mainly due to increase in depreciation and staff costs 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		6 months ended	
	30 June		30 June	
	2021	2020	2021	2020
	RM'000	RM'000	RM'000	RM'000
Amortisation of intangible asset	124	124	249	249
Depreciation of property, plant and equipment	1,511	458	2,802	929
Dividend income	(4)	(3)	(7)	(6)
Gain from disposal of property, plant and equipment	-	-	(20)	-
Interest expenses	2,342	2,546	4,455	6,012
Interest income	(61)	(98)	(146)	(176)
Other income	(144)	(114)	(374)	(261)
Reversal of impairment of trade receivables	(23)	(14)	(49)	(68)

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 to sustain these events and that the financial results would be satisfactory in the coming quarters as the Group have RM200.37 million unbilled sales and outstanding order book of RM28.77 million as at 30 June 2021.

The Group plans to launch projects mainly comprising residential and commercial properties in 2021 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.

We have completed and handed over the first residential project of The NorthBank in 2020 and also handed over the first shop office development to purchasers in the first quarter 2021. These two projects are fully sold prior to completion. Other on-going projects at The NorthBank include Avona Residence comprising two blocks of 12-storey service apartments, Alyvia Residence with 102 units of townhouse, Renna Residence offering 296 units of service apartment and shop Office development. More residential development would be launched during the financial 2021.

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 fourth quarter of 2021, taking into consideration the revision of statutory requirements and the market demands.



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22. Group's Prospects (contd.)

On the construction sector, the Group have been awarded the temporary facility and building works for the Sarawak Methanol Project by Samsung Engineering (Malaysia) Sdn Bhd and the New Operator Residence 2 located at Bakun by Bakun Hydro Power Generation Sdn Bhd. In addition, the Group has entered into contract for the construction works for the implementation of affordable housing project. These construction contracts are expected to contribute positively to the Group financial performance.

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 30 June		6 months ended 30 June	
	2021 RM'000	2020 RM'000	2021 RM'000	2020 RM'000
Current income tax:				
- Malaysian income tax	1,436	2,102	3,243	3,760
Deferred tax	(133)	(129)	310	467
Total income tax expense	<u>1,303</u>	<u>1,973</u>	<u>3,553</u>	<u>4,227</u>

Income tax is calculated at the Malaysian statutory tax rate of 24% (2020: 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

	Unaudited As at 30 June 2021 RM'000	Unaudited As at 30 June 2020 RM'000	Audited As at 31 December 2020 RM'000
Short term borrowings			
Secured: Finance lease liabilities	2,238	2,480	2,371
Revolving credits	109,531	114,208	102,577
Collaterised borrowings	-	4,504	3,013
Term loans	20,347	16,881	25,031
	<u>132,116</u>	<u>138,073</u>	<u>132,992</u>
Long term borrowings			
Secured: Finance lease liabilities	712	2,950	1,801
Term loans	98,814	107,621	107,774
	<u>99,526</u>	<u>110,571</u>	<u>109,575</u>
Total loans and borrowings	<u>231,642</u>	<u>248,644</u>	<u>242,567</u>



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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 2021 has decreased by RM11 million as compared to amount reported in the Audit Financial Statement as at 31 December 2020.

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 20 August 2021, 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 20 August 2021.

29. Earnings Per Share

(a) Basic

	3 months ended 30 June		6 months ended 30 June	
	2021	2020	2021	2020
Profit attributable to owners of the parent (RM'000)	2,823	5,485	8,399	10,898
Weighted average number of ordinary shares in issue ('000)	496,406	496,406	496,406	496,406
Basic earnings per share (sen)	0.57	1.10	1.69	2.20

(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.



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30. Auditors' Report on Preceding Annual Financial Statements

The auditors' report on the financial statements for the financial year ended 31 December 2020 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 27 August 2021.