IBRACO BERHAD

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

CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

For the six-month period ended 30 June 2022
(The figures have not been audited)

	Note	Current Quarter 3 months ended 30 June		Cumulative Quarter 6 months ended 30 June	
		2022 RM'000	2021 RM'000	2022 RM'000	2021 RM'000
Revenue		70,731	39,751	127,783	94,683
Cost of sales		(48,410)	(24,764)	(89,170)	(61,471)
Gross profit		22,321	14,987	38,613	33,212
Other income		346	232	779	596
Administrative expenses		(9,906)	(6,426)	(17,036)	(12,061)
Selling and marketing expenses		(1,616)	(2,048)	(2,940)	(4,683)
Finance costs		(2,516)	(2,342)	(4,515)	(4,455)
Profit before tax	21	8,629	4,403	14,901	12,609
Income tax expense	24	(3,031)	(1,303)	(4,578)	(3,553)
Profit for the period		5,598	3,100	10,323	9,056
Other comprehensive income		-	-	-	-
Total comprehensive income for the period		5,598	3,100	10,323	9,056
Profit for the period attributable to :					
Owners of the parent		5,279	2,823	9,765	8,399
Non-controlling interests		319	277	558	657
		5,598	3,100	10,323	9,056
Total comprehensive income attributable to :					
Owners of the parent		5,279	2,823	9,765	8,399
Non-controlling interests		319	277	558	657
		5,598	3,100	10,323	9,056

CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME (contd.)
For the six-month period ended 30 June 2022
(The figures have not been audited)

Earnings Per Share attributable to owners of the parent:					
Basic, for profit for the period (Sen)	29	0.97	0.57	1.79	1.69
Diluted, for profit for the period (Sen)	29	0.97	0.57	1.79	1.69

The condensed consolidated statement of comprehensive income should be read in conjunction with the audited financial statements for the year ended 31 December 2021 and the accompanying explanatory notes attached to the interim financial statements.

IBRACO BERHAD

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

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION
As at 30 June 2022 and 31 December 2021

	Note	Unaudited As at 30 June 2022 RM'000	Audited As at 31 December 2021 RM'000
ASSETS			
Property, plant & equipment		63,768	61,777
Intangible asset		4,521	4,770
Investment in an associate		2,321	1,831
Investment in joint venture		300	300
Inventories		47,076	44,145
Completed investment properties		118,300	118,300
Trade and other receivables	16	9,718	8,246
Deferred tax assets		9,797	10,965
Total non-current assets		255,801	250,334
Inventories		348,370	304,310
Trade and other receivables	16	42,470	52,073
Other current assets		65,376	109,405
Cash and bank balances		71,243	58,995
Total current assets		527,459	524,783
TOTAL ASSETS		783,260	775,117
Equity attributable to owners of the parent			
Share capital		271,832	271,832
Retained earnings		159,696	160,852
		431,528	432,684
Non-controlling interests		11,035	9,207
Total Equity		442,563	441,891
LIABILITIES			
Loans and borrowings	25	81,817	91,175
Trade and other payables	17	12,404	10,000
Total non-current liabilities		94,221	101,175
Loans and borrowings	25	140,463	115,952
Trade and other payables	17	88,708	108,827
Other current liabilities		17,244	6,229
Income tax payable		61	1,043
Total current liabilities		246,476	232,051
Total liabilities		340,697	333,226
TOTAL EQUITY AND LIABILITIES		783,260	775,117

The condensed consolidated statement of financial position should be read in conjunction with the audited financial statements for the year ended 31 December 2021 and the accompanying explanatory notes attached to the interim financial statements.

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

CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
For the six-month period ended 30 June 2022
(The figures have not been audited)

	Attributable to owners of the parent			
	Non-distributable	*Distributable*		
	Share capital RM'000	**Retained earnings RM'000**	**Non-Controlling interests RM'000**	**Total equity RM'000**
At 1 January 2021	248,203	147,298	15,281	410,782
Total comprehensive income	-	23,487	246	23,733
Acquisition of non-controlling interest	-	(5)	(21)	(26)
Dividend on ordinary shares	-	(9,928)	-	(9,928)
Dividend paid to non-controlling interest	-	-	(6,300)	(6,300)
Interests in a subsidiary donated to a foundation	-	-	1	1
Issuance of ordinary shares	23,629	-	-	23,629
At 31 December 2021	271,832	160,852	9,207	441,891
At 1 January 2022	271,832	160,852	9,207	441,891
Total comprehensive income	-	9,765	558	10,323
Interests in a subsidiary donated to a foundation	-	-	1,470	1,470
Dividend paid to non-controlling interest	-	-	(200)	(200)
Dividend on ordinary shares	-	(10,921)	-	(10,921)
At 30 June 2022	271,832	159,696	11,035	442,563

The condensed consolidated statement of changes in equity should be read in conjunction with the audited financial statements for the year ended 31 December 2021 and the accompanying explanatory notes attached to the interim financial statements.

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

CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS
For the six-month period ended 30 June 2022
(The figures have not been audited)

	6 months ended 30 June	
	2022	2021
	RM'000	RM'000
CASH FLOWS FROM OPERATING ACTIVITIES		
Profit before tax	14,901	12,609
Adjustments for:		
Amortisation of intangible asset	249	249
Depreciation of property, plant and equipment	2,574	2,802
Dividend income	(12)	(7)
Gain from disposal of property, plant and equipment	(200)	(20)
Loss on disposal of shares in a subsidiary to a charitable trust	1,470	1
Interest expenses	4,515	4,455
Interest income	(220)	(146)
Reversal of impairment of trade receivables	(47)	(49)
Operating profit before working capital changes	23,230	19,894
Changes in working capital:		
Deposit pledged for bank borrowings	-	(25)
Inventories	(46,991)	20,780
Receivables	8,178	12,608
Other current assets	44,890	3,263
Payables	(17,723)	(32,590)
Other current liabilities	11,979	5,259
Cash generated from operations	23,563	29,189
Interest paid	(4,515)	(4,455)
Interest received	220	146
Taxes paid	(5,996)	(5,116)
Taxes refunded	744	632
Net cash generated from operating activities	14,016	20,396
CASH FLOWS FROM INVESTING ACTIVITIES		
Deposit with maturity more than three months	(69)	(3,897)
Dividend received	12	7
Expenditure incurred on investment properties under construction	-	(1,386)
Proceeds from disposal of property, plant and equipment	200	20
Purchase of property, plant and equipment	(5,527)	(5,446)
Subscription of shares in associate	(490)	(490)
Subscription of shares in joint venture	-	(300)
Net cash used in investing activities	(5,874)	(11,492)

CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS (contd.)
For the six-month period ended 30 June 2022
(The figures have not been audited)

	6 months ended 30 June	
	2022	**2021**
	RM'000	**RM'000**
CASH FLOWS FROM FINANCING ACTIVITIES		
Acquisition of non-controlling interest	-	(26)
Dividends on ordinary shares	(10,921)	(9,928)
Dividends paid to non-controlling interest	(200)	(4,200)
Proceeds from loans and borrowings	25,430	45,168
Repayment of finance leases	(1,099)	(1,157)
Repayment of lease liability	(102)	(65)
Repayment of loans and borrowings	(9,071)	(54,871)
Net cash generated from/(used in) financing activities	4,037	(25,079)
Net increase/(decrease) in cash and cash equivalents	12,179	(16,175)
Cash and cash equivalents at beginning of financial period	50,494	53,771
Cash and cash equivalents at end of financial period	62,673	37,596

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

	As at 30 June	
	2022	**2021**
	RM'000	**RM'000**
Cash and bank balances	71,243	46,076
Less:		
Deposits with maturity more than 3 months	(8,181)	(8,091)
Deposits pledged for bank borrowings	(389)	(389)
Cash and cash equivalents	62,673	37,596

The condensed consolidated statement of cash flows should be read in conjunction with the audited financial statements for the year ended 31 December 2021 and the accompanying explanatory notes attached to the interim financial statements.

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 2021. 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 2021.

2. Changes in Accounting Policies

The accounting policies adopted are consistent with those of the previous financial year except as disclosed below:

On 1 January 2022, the Group adopted the applicable new and amended MFRSs mandatory for annual financial periods beginning on or after 1 January 2022.

- Amendment to MFRS 3: Reference to the Conceptual Framework
- Amendments to MFRS 116: Property, Plant and Equipment - Proceeds before Intended Use
- Amendments to MFRS 137: Onerous Contracts - Cost of Fulfilling a Contract
- Annual Improvements to MFRS Standards 2018 – 2020 Cycle

The adoption 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 2022.

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 2022.

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 2022 (six months ended 30 June 2021: RM Nil). The cash outflow on acquisition of property, plant and equipment amounted to RM5,526,504 during the six months ended 30 June 2022 (six months ended 30 June 2021: RM5,445,675).

There were disposal of property, plant and equipment at RM200,000 during the six months ended 30 June 2022 (six months ended 30 June 2021: RM20,000).

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 2022.

8. Dividend Paid

On 25 February 2022, 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 2021. The dividend was paid on 18 April 2022 to shareholder whose name appear in the Register of Depositors on 6 April 2022.

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 2022 (2Q2022) and 3 months ended 30 June 2021 (2Q2021) are as follows:

	Property development activities		Property holding & management		Construction works		Quarry operation		Elimination		Per consolidated financial statements	
	2Q2022 RM'000	2Q2021 RM'000	2Q2022 RM'000	2Q2021 RM'000	2Q2022 RM'000	2Q2021 RM'000	2Q2022 RM'000	2Q2021 RM'000	2Q2022 RM'000	2Q2021 RM'000	2Q2022 RM'000	2Q2021 RM'000
Revenue:												
External customers	50,961	29,229	2,129	2,107	11,464	2,889	6,177	5,526	-	-	70,731	39,751
Inter-segment	-	-	-	-	33,613	12,523	-	-	(33,613)	(12,523)	-	-
Total revenue	50,961	29,229	2,129	2,107	45,077	15,412	6,177	5,526	(33,613)	(12,523)	70,731	39,751
Segment profit/(loss)	7,191	2,665	1,258	1,767	(936)	(958)	464	606	652	323	8,629	4,403

9. Segmental Information (contd.)

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

	2Q2022 RM'000	2Q2021 RM'000
Segment profit	11,145	6,745
Finance costs	(2,516)	(2,342)
Profit before tax	8,629	4,403

Results for 6 months ended 30 June 2022 (6M2022) and 6 months ended 30 June 2021 (6M2021) are as follows:

	Property development activities		Property holding & management		Construction works		Quarry operation		Elimination		Per consolidated financial statements	
	6M2022 RM'000	6M2021 RM'000	6M2022 RM'000	6M2021 RM'000	6M2022 RM'000	6M2021 RM'000	6M2022 RM'000	6M2021 RM'000	6M2022 RM'000	6M2021 RM'000	6M2022 RM'000	6M2021 RM'000
Revenue:												
External customers	87,410	73,164	4,127	4,214	27,132	7,644	9,114	9,661	-	-	127,783	94,683
Inter-segment	-	-	-	-	54,889	26,532	-	-	(54,889)	(26,532)	-	-
Total revenue	87,410	73,164	4,127	4,214	82,021	34,176	9,114	9,661	(54,889)	(26,532)	127,783	94,683
Segment profit/(loss)	12,525	9,489	2,486	3,078	(1,058)	(1,246)	346	825	602	463	14,901	12,609

9. Segmental Information (contd.)

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

	6M2022 RM'000	6M2021 RM'000
Segment profit	19,416	17,064
Finance costs	(4,515)	(4,455)
Profit before tax	14,901	12,609

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 2022.

11. Changes in Composition of the Group

There were no changes in the composition of the Group during the current quarter ended 30 June 2022.

12. Changes in Contingent Liabilities and Contingent Assets

Contingent Liabilities

Unsecured:

	Unaudited 30 June 2022 RM'000	Audited 31 December 2021 RM'000
Corporate guarantees to financial institutions in respect of banking facilities granted to subsidiary companies	255,918	156,918

There were no contingent assets since the last annual statement of financial position as at 31 December 2021 till the end of the financial period.

13. Capital Commitments

	As at 30 June 2022 RM'000	2021 RM'000
Approved and contracted for:		
Investment properties	142	1,697
Property, plant and equipment	24,690	14,164
Total	24,832	15,861

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	
	2022 RM'000	2021 RM'000
Directors	551	423
Key management personnel	598	569

15. Related Party Transactions

The related party transactions are as follows:

	Note	Transaction value 3 months ended 30 June		Balance Outstanding as at 30 June	
		2022 RM'000	2021 RM'000	2022 RM'000	2021 RM'000
Sharifah Deborah Sophia Ibrahim	(a)				
Sales of townhouses at The NorthBank, Alyvia	*	-	-	137	274
Hiap Ghee Seng Sdn Bhd	(b)				
Rental expense on premises		37	37	-	-
Lian Hua Seng Sdn Bhd	(b)				
Purchase of goods		-	13	-	-
Heng Say Properties (Sarawak) Sdn Bhd	(c)				
Purchase of land	*	-	-	6,502	-
Ho Bee Contractor & Engineering Sdn Bhd	(d)				
Quarry operation		-	1,190	-	663

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) Heng Say Properties (Sarawak) Sdn Bhd is a company connected to the Director of the Company who is also a major shareholder of the Company.

(d) 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.

16. Trade and Other Receivables

	Unaudited 30 June 2022 RM'000	Audited 31 December 2021 RM'000
Current		
Trade receivables		
Third parties	32,754	37,484
Less: Allowance for impairment	(611)	(658)
Trade receivables, net	32,143	36,826
Other receivables		
Third parties	6,624	11,735
Deposits	3,809	3,618
	10,433	15,353
Less: Allowance for impairment – third parties	(106)	(106)
Other receivables, net	10,327	15,247
Total trade and other receivables	42,470	52,073
Non-Current		
Trade receivables		
Third parties	858	175
Other receivables		
Third parties	8,860	8,071
Total trade and other receivables	9,718	8,246
Total trade and other receivables (current and non-current)	52,188	60,319

Ageing analysis of trade receivables

	Unaudited 30 June 2022 RM'000	Audited 31 December 2021 RM'000
Current		
Neither past due nor impaired	21,389	5,066
1 to 119 days past due but not impaired	6,021	31,041
More than 120 days but not impaired	4,733	719
Impaired	611	658
Total trade receivables	32,754	37,484
Non-current		
Neither past due nor impaired	858	175
Total trade receivables (current and non-current)	33,612	37,659

16. Trade and Other Receivables (contd.)

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 RM10.75 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.

17. Trade and Other Payables

	Unaudited 30 June 2022 RM'000	Audited 31 December 2021 RM'000
Current		
Trade and other payables	45,836	60,650
Provision for projects	42,872	48,177
Total trade and other payables	88,708	108,827
Non-Current		
Trade payables	12,404	10,000
Total trade and other payables (current and non-current)	101,112	118,827

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

Review of Performance

18. Current Financial Quarter (2Q2022) Vs Corresponding Financial Quarter (2Q2021)

	Current Quarter 3 months ended 30 June			
	2022 RM'000	2021 RM'000	Changes RM'000	%
Revenue	70,731	39,751	30,980	78
Operating profit	22,321	14,987	7,334	49
Profit before interest and tax	11,145	6,745	4,400	65
Profit before tax	8,629	4,403	4,226	96
Profit after tax	5,598	3,100	2,498	81
Profit for the period attributable to owners of the parent	5,279	2,823	2,456	87

The Group's revenue for 2Q2022 increased by 78% to RM70.73 million from RM39.75 million in 2Q2021. During this reporting quarter, the Group's revenue was primarily recognised from the sales of apartment suites at ContiNew, Kuala Lumpur, sales of apartment suites at The NorthBank Avona and Renna Residence, sales of condominiums at the Park Residence, sales of townhouses at The NorthBank Alyvia, sales of apartments at Stutong Height, sales of 3-storey shop offices at The NorthBank Business Exchange Phase 2, Tabuan Tranquility Phase 3 Stage 2 and Bintulu Town Square, sales of Small Office Home Office ("SOHO") Commercial at Tabuan Tranquility Phase 3 and Bintulu Town Square, construction of NR4 – Northern Regional for Sarawak Water Supply Grid Programme – Stressed Area project, Sarawak, construction of building works for the Sarawak Methanol Project, quarry operation and rental income from investment properties.

Whilst, the Group's revenue for 2Q2021 was mainly 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 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.

Other income increased to RM0.35 million in 2Q2022 as compared to RM0.23 million in 2Q2021. 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 RM9.91 million from RM6.43 million in 2Q2021. The increase was mainly due to the increase of staff costs, professional fee and the interests in a subsidiary donated to a foundation in 2Q2022. Other components of the administrative expenses have not varied much compared to those incurred during 2Q2021.

19. Current 6-month financial period (6M2022) Vs corresponding 6-month financial period (6M2021)

	Cumulative Quarter 6 months ended 30 June			
	2022 RM'000	2021 RM'000	Changes RM'000	%
Revenue	127,783	94,683	33,100	35
Operating profit	38,613	33,212	5,401	16
Profit before interest and tax	19,416	17,064	2,352	14
Profit before tax	14,901	12,609	2,292	18
Profit after tax	10,323	9,056	1,267	14
Profit for the period attributable to owners of the parent	9,765	8,399	1,366	16

The Group's profit before tax for 6M2022 increased by 18% to RM14.90 million compared to profit before tax of RM12.61 million recorded in 6M2021.

The Group's revenue for 6M2022 increased by 35% to RM127.78 million from RM94.68 million in 6M2021. 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, sales of apartment suites at The NorthBank Avona and Renna Residence, sales of condominiums at the Park Residence, sales of townhouses at The NorthBank Alyvia, sales of apartments at Stutong Height, sales of 3-storey shop offices at The NorthBank Business Exchange Phase 2, Tabuan Tranquility Phase 3 Stage 2 and Bintulu Town Square, sales of SOHO Commercial at Tabuan Tranquility Phase 3 and Bintulu Town Square, construction of NR4 – Northern Regional for Sarawak Water Supply Grid Programme – Stressed Area project, Sarawak, construction of temporary facility works and building works for the Sarawak Methanol Project, quarry operation and rental income from investment properties.

Whilst, the Group's revenue for 6M2021 was mainly 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 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.

Other income increased slightly from RM0.60 million to RM0.78 million in 6M2022. 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 RM17.04 million compared to RM12.06 million in 6M2021. The increase was mainly due to the increase of staff costs, professional fee and the interests in a subsidiary donated to a foundation in 2Q2022. Other components of the administrative expenses have not varied much compared to those incurred during the corresponding period.

20. Comparison with Immediate Preceding Quarter's Results

	Current Quarter 3 months ended 30 June 2022 RM'000	Immediate Preceding Quarter 3 months ended 31 March 2022 RM'000	Changes RM'000	Changes %
Revenue	70,731	57,052	13,679	24
Operating profit	22,321	16,292	6,029	37
Profit before interest and tax	11,145	8,271	2,874	35
Profit before tax	8,629	6,272	2,357	38
Profit after tax	5,598	4,725	873	18
Profit for the period attributable to owners of the parent	5,279	4,486	793	18

The Group recorded a profit before tax of RM8.63 million compared to a profit before tax of RM6.27 million recorded in the immediate preceding quarter ended 31 March 2022.

The Group's revenue for the current financial quarter ended 30 June 2022 increased to RM70.73 million from RM57.05 million in the immediate preceding quarter ended 31 March 2022. Apart from the recognition of revenue from construction of temporary facility works for the Sarawak Methanol Project in the immediate preceding quarter and sales of 3-storey shop offices at Tabuan Tranquility Phase 3, sales of condominium at The Park Residence and sales of SOHO Commercial at Bintulu Town Square in current quarter, the revenue source for both financial quarters are similar, i.e. recognition from on-going development and completed projects namely, sales of apartment suites at ContiNew, Kuala Lumpur, sales of apartment suites at The NorthBank Avona and Renna Residence, sales of townhouses at The NorthBank Alyvia, sales of apartments at Stutong Height, sales of 3-storey shop offices at The NorthBank Business Exchange Phase 2 and Bintulu Town Square, sales of SOHO Commercial at Tabuan Tranquility Phase 3, construction of NR4 – Northern Regional for Sarawak Water Supply Grid Programme – Stressed Area project, Sarawak, construction of building works for the Sarawak Methanol Project, quarry operation and rental income from investment properties.

Other income decreased from RM0.43 million in the immediate preceding quarter to RM0.35 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 RM7.13 million in the immediate preceding quarter ended 31 March 2022 to RM9.91 million in this current financial quarter. The increase was mainly due to increase in staff costs, professional fee and the interests in a subsidiary donated to a foundation during current reporting period. Other components of the administrative expenses have not varied much compared to those incurred during the immediate preceding quarter.

21. Profit Before Tax

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

	3 months ended 30 June		6 months ended 30 June	
	2022 RM'000	2021 RM'000	2022 RM'000	2021 RM'000
Amortisation of intangible asset	125	124	249	249
Depreciation of property, plant and equipment	1,277	1,511	2,574	2,802
Dividend income	(9)	(4)	(12)	(7)
Gain from disposal of property, plant and equipment	-	-	(200)	(20)
Loss on disposal of shares in a subsidiary to a charitable trust	1,470	-	1,470	1
Interest expenses	2,516	2,342	4,515	4,455
Interest income	(159)	(61)	(220)	(146)
Other income	(152)	(144)	(300)	(374)
Reversal of impairment of trade receivables	(26)	(23)	(47)	(49)

22. Group's Prospects

The principal activity of the Group is realty development and construction. 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 other major global events. we are mindful of the duration of time needed to contain the Covd-19 pandemic and subsequent economic recoveries. The uncertainties in the economic recoveries, concerns over employment and tightening of end financing for buyers have impacted our operations. In addition, the consistently high construction costs resulting from the surge in primary commodities such as crude oil, steel bar, copper, and aluminium raise a concern in our earning prospect. Despite all these, the Group is confident to sustain these events and projected that the financial results would be satisfactory in the coming quarters as the Group have RM165.73 million unbilled sales and outstanding order book of RM271.21 million as at 30 June 2022.

The Group plans to launch projects mainly comprising residential and commercial properties in 2022 and future years. The Group monitors the market demand for our products and adopts a prudent approach with respect to any new projects. The NorthBank would be our main focus for the next few years. 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.

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, 36 units of semi-detached houses at Crestwood Estates and shop office development. More residential developments would be launched during the financial 2022. With the continuous branding effort created for the Northbank and the normalisation of the economy vibrant and social activities, we are confident to achieve satisfactory take up rate of these launches and future launches.

22. Group's Prospects (contd.)

On the construction sector, the Group has 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 contracts for the construction works for the implementation of affordable housing project at Matang Land District, Kuching, and various development activities at Muara Tuang Land District, Kuching. These construction contracts are expected to contribute positively to the Group's financial performance.

The Group has 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.

Apart from its main activities of realty development and construction, the Group operates a quarry at Pulau Salak which commenced production in July 2020 after the completion of its upgrading works. The plant, producing aggregates of granites, has an annual capacity of 600,000 MT. The quarry operation would be further expanded with the granting of a new quarry licence for quarry reserve located at Gunung Sinmajau.

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	
	2022 RM'000	**2021 RM'000**	**2022 RM'000**	**2021 RM'000**
Current income tax:				
- Malaysian income tax	2,118	1,436	3,409	3,243
Deferred tax	913	(133)	1,169	310
Total income tax expense	3,031	1,303	4,578	3,553

Income tax is calculated at the Malaysian statutory tax rate of 24% (2021: 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 2022 RM'000	Unaudited As at 30 June 2021 RM'000	Audited As at 31 December 2021 RM'000
Short term borrowings			
Secured: Finance lease liabilities	841	2,238	1,849
Revolving credits	121,337	109,531	95,907
Term loans	18,285	20,347	18,196
	140,463	132,116	115,952
Long term borrowings			
Secured: Finance lease liabilities	526	712	724
Term loans	81,291	98,814	90,451
	81,817	99,526	91,175
Total loans and borrowings	222,280	231,642	207,127

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 2022 has increased by RM15 million as compared to the amount reported in the Audit Financial Statement as at 31 December 2021.

26. Corporate Exercise

Status of corporate exercise

On 13 October 2021, the Company has completed Private Placement of up to 10% of the total number of issued shares in the Company, i.e. 49,640,565 new ordinary shares at RM0.4760 per placement share. Arising from this, the Company's issued and paid up share capital has increased to RM271,831,735, comprising 546,046,217 ordinary shares.

Status of utilisation of proceeds

The gross proceeds from the issuance of 49,640,565 ordinary shares at RM0.4760 per share of approximately RM23.63 million have been/shall be utilised in the following manner:

Purpose of utilisation	Proceeds RM'000	Deviation RM'000	Utilisation RM'000	Balance RM'000	Expected time frame for utilisation upon receipt	Explanation of utilisation
To finance development of Renna Residence	18,000	-	(9,025)	8,975	Within 24 months	For contractors' and consultants' payment.
Working capital requirements	5,430	92	(5,522)	-	Within 12 months	For staff costs, selling and marketing expenses, statutory payment, etc.
Expenses in relation to the Private Placement	200	(92)	(108)	-	Immediate	Professional fee paid in relation to the Private Placement
	23,630	-	(14,655)	8,975		

27. Off Balance Sheet Financial Instruments

The Group does not have any financial instruments with off balance sheet risk as at 17 August 2022, 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 17 August 2022.

29. Earnings Per Share

(a) Basic

	3 months ended 30 June		6 months ended 30 June	
	2022	2021	2022	2021
Profit attributable to owners of the parent (RM'000)	5,279	2,823	9,765	8,399
Weighted average number of ordinary shares in issue ('000)	546,047	496,406	546,047	496,406
Basic earnings per share (sen)	0.97	0.57	1.79	1.69

(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 2021 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 24 August 2022.