



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

CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

For the nine-month period ended 30 September 2022

(The figures have not been audited)

	Note	Current Quarter 3 months ended 30 September		Cumulative Quarter 9 months ended 30 September	
		2022 RM'000	2021 RM'000	2022 RM'000	2021 RM'000
Revenue		61,796	82,686	189,579	177,369
Cost of sales		(43,053)	(62,293)	(132,223)	(123,764)
Gross profit		18,743	20,393	57,356	53,605
Other income		484	250	1,263	846
Administrative expenses		(7,325)	(7,026)	(24,361)	(19,087)
Selling and marketing expenses		(1,241)	(2,633)	(4,181)	(7,316)
Finance costs		(2,201)	(2,641)	(6,716)	(7,096)
Profit before tax	21	8,460	8,343	23,361	20,952
Income tax expense	24	(1,708)	(3,091)	(6,286)	(6,644)
Profit for the period		6,752	5,252	17,075	14,308
Other comprehensive income		-	-	-	-
Total comprehensive income for the period		6,752	5,252	17,075	14,308
Profit for the period attributable to :					
Owners of the parent		6,617	5,149	16,382	13,548
Non-controlling interests		135	103	693	760
		6,752	5,252	17,075	14,308
Total comprehensive income attributable to :					
Owners of the parent		6,617	5,149	16,382	13,548
Non-controlling interests		135	103	693	760
		6,752	5,252	17,075	14,308



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CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME (contd.)

For the nine-month period ended 30 September 2022

(The figures have not been audited)

Earnings Per Share
attributable to owners of
the parent:

Basic, for profit for the period (Sen)	29	1.21	1.04	3.00	2.73
Diluted, for profit for the period (Sen)	29	1.21	1.04	3.00	2.73

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.



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CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at 30 September 2022 and 31 December 2021

	Note	Unaudited As at 30 September 2022 RM'000	Audited As at 31 December 2021 RM'000
ASSETS			
Property, plant & equipment		68,523	61,777
Intangible asset		4,397	4,770
Investment in an associate		2,811	1,831
Investment in joint venture		300	300
Inventories		48,409	44,145
Completed investment properties		118,300	118,300
Trade and other receivables	16	10,149	8,246
Deferred tax assets		9,498	10,965
Total non-current assets		262,387	250,334
Inventories		349,394	304,310
Trade and other receivables	16	27,053	52,073
Other current assets		67,709	109,405
Cash and bank balances		69,201	58,995
Total current assets		513,357	524,783
TOTAL ASSETS		775,744	775,117
Equity attributable to owners of the parent			
Share capital		271,832	271,832
Retained earnings		166,313	160,852
		438,145	432,684
Non-controlling interests		11,170	9,207
Total Equity		449,315	441,891
LIABILITIES			
Loans and borrowings	25	80,791	91,175
Trade and other payables	17	12,967	10,000
Total non-current liabilities		93,758	101,175
Loans and borrowings	25	140,220	115,952
Trade and other payables	17	81,774	108,827
Other current liabilities		10,677	6,229
Income tax payable		-	1,043
Total current liabilities		232,671	232,051
Total liabilities		326,429	333,226
TOTAL EQUITY AND LIABILITIES		775,744	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.



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(Incorporated in Malaysia)

CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the nine-month period ended 30 September 2022
(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 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	<u>271,832</u> =====	<u>160,852</u> =====	<u>9,207</u> =====	<u>441,891</u> =====
At 1 January 2022	271,832	160,852	9,207	441,891
Total comprehensive income	-	16,382	693	17,075
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 September 2022	<u>271,832</u> =====	<u>166,313</u> =====	<u>11,170</u> =====	<u>449,315</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 2021 and the accompanying explanatory notes attached to the interim financial statements.



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(Incorporated in Malaysia)

CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS

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

	9 months ended 30 September	
	2022	2021
	RM'000	RM'000
CASH FLOWS FROM OPERATING ACTIVITIES		
Profit before tax	23,361	20,952
Adjustments for:		
Amortisation of intangible asset	373	373
Depreciation of property, plant and equipment	3,877	4,507
Dividend income	(27)	(10)
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 expense	6,716	7,096
Interest income	(315)	(206)
Reversal of impairment of trade receivables	(67)	(90)
Operating profit before working capital changes	35,188	32,603
Changes in working capital:		
Deposit pledged for bank borrowings	-	(25)
Inventories	(45,084)	29,742
Land held for development	(4,264)	1,845
Receivables	23,184	189
Other current assets	44,170	(20,268)
Payables	(24,094)	(19,887)
Other current liabilities	5,649	5,275
Cash generated from operations	34,749	29,474
Interest paid	(6,716)	(7,096)
Interest received	315	206
Taxes paid	(9,079)	(8,701)
Taxes refunded	744	632
Net cash generated from operating activities	20,013	14,515
CASH FLOWS FROM INVESTING ACTIVITIES		
Deposit with maturity more than three months	(117)	(3,902)
Dividend received	27	10
Expenditure incurred on investment properties under construction	-	(1,416)
Proceeds from disposal of property, plant and equipment	240	20
Purchase of property, plant and equipment	(10,906)	(6,387)
Subscription of shares in associate	(980)	(980)
Subscription of shares in joint venture	-	(300)
Net cash used in investing activities	(11,736)	(12,955)



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

CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS (contd.)

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

	9 months ended 30 September	
	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)	(6,300)
Proceeds from loans and borrowings	28,196	59,314
Repayment of finance leases	(1,516)	(1,726)
Repayment of lease liabilities	(169)	(124)
Repayment of loans and borrowings	(13,578)	(64,021)
Net cash generated from/(used in) financing activities	1,812	(22,811)
Net increase/(decrease) in cash and cash equivalents	10,089	(21,251)
Cash and cash equivalents at beginning of financial period	50,494	53,771
Cash and cash equivalents at end of financial period	60,583	32,520

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

	As at 30 September	
	2022	2021
	RM'000	RM'000
Cash and bank balances	69,201	41,005
Less:		
Deposits with maturity more than 3 months	(8,229)	(8,096)
Deposits pledged for bank borrowings	(389)	(389)
Cash and cash equivalents	60,583	32,520

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.



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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 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 September 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 September 2022.



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

6. Property, Plant and Equipment

Acquisition and Disposals

During the nine months ended 30 September 2022, the Group acquired property, plant and equipment with an aggregate cost of RM600,000 by means of finance lease (nine months ended 30 September 2021: RM Nil). The cash outflow on acquisition of property, plant and equipment amounted to RM10,906,172 during the nine months ended 30 September 2022 (nine months ended 30 September 2021: RM6,387,423).

There were disposal of property, plant and equipment at RM240,300 during the nine months ended 30 September 2022 (nine months ended 30 September 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 September 2022.

8. Dividend Paid

There was no dividend paid during the quarter ended 30 September 2022.



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

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

	Property development activities		Property holding & management		Construction works		Quarry operation		Elimination		Per consolidated financial statements	
	3Q2022	3Q2021	3Q2022	3Q2021	3Q2022	3Q2021	3Q2022	3Q2021	3Q2022	3Q2021	3Q2022	3Q2021
	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	43,776	51,035	2,126	2,107	9,186	22,801	6,708	6,743	-	-	61,796	82,686
Inter-segment	-	-	-	-	33,128	13,500	-	-	(33,128)	(13,500)	-	-
Total revenue	43,776	51,035	2,126	2,107	42,314	36,301	6,708	6,743	(33,128)	(13,500)	61,796	82,686
	=====	=====	=====	=====	=====	=====	=====	=====	=====	=====	=====	=====
Segment profit/(loss)	6,451	10,331	1,273	1,273	136	(4,400)	601	425	(1)	714	8,460	8,343
	=====	=====	=====	=====	=====	=====	=====	=====	=====	=====	=====	=====



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(Incorporated in Malaysia)

9. Segmental Information (contd.)

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

	3Q2022	3Q2021
	RM'000	RM'000
Segment profit	10,661	10,984
Finance costs	(2,201)	(2,641)
	<u> </u>	<u> </u>
Profit before tax	8,460	8,343
	=====	=====

Results for 9 months ended 30 September 2022 (9M2022) and 9 months ended 30 September 2021 (9M2021) are as follows:

	Property development activities		Property holding & management		Construction works		Quarry operation		Elimination		Per consolidated financial statements	
	9M2022	9M2021	9M2022	9M2021	9M2022	9M2021	9M2022	9M2021	9M2022	9M2021	9M2022	9M2021
	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	131,186	124,199	6,253	6,321	36,318	30,445	15,822	16,404	-	-	189,579	177,369
Inter-segment	-	-	-	-	88,017	40,032	-	-	(88,017)	(40,032)	-	-
	<u> </u>	<u> </u>	<u> </u>	<u> </u>	<u> </u>	<u> </u>	<u> </u>	<u> </u>	<u> </u>	<u> </u>	<u> </u>	<u> </u>
Total revenue	131,186	124,199	6,253	6,321	124,335	70,477	15,822	16,404	(88,017)	(40,032)	189,579	177,369
	=====	=====	=====	=====	=====	=====	=====	=====	=====	=====	=====	=====
Segment profit/(loss)	18,976	20,424	3,759	3,747	(922)	(5,646)	947	1,250	601	1,177	23,361	20,952
	=====	=====	=====	=====	=====	=====	=====	=====	=====	=====	=====	=====



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

9. Segmental Information (contd.)

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

	9M2022	9M2021
	RM'000	RM'000
Segment profit	30,077	28,048
Finance costs	(6,716)	(7,096)
	<hr/>	<hr/>
Profit before tax	23,361	20,952
	<hr/>	<hr/>

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 2022.

11. Changes in Composition of the Group

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

12. Changes in Contingent Liabilities and Contingent Assets

Contingent Liabilities

Unsecured:

	Unaudited	Audited
	30 September	31 December
	2022	2021
	RM'000	RM'000
Corporate guarantees to financial institutions in respect of banking facilities granted to subsidiary companies	248,500	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 September	
	2022	2021
	RM'000	RM'000
Approved and contracted for:		
Investment properties	142	1,666
Property, plant and equipment	21,461	13,242
Total	<hr/>	<hr/>
	21,603	14,908



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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	
	2022	2021
	RM'000	RM'000
Directors	551	423
Key management personnel	600	569

15. Related Party Transactions

The related party transactions are as follows:

	Note	Transaction value		Balance	
		3 months ended		Outstanding	
		30 September		as at 30	
		2022	2021	2022	2021
		RM'000	RM'000	RM'000	RM'000
Sharifah Deborah Sophia Ibrahim	(a)				
Sales of townhouses at The NorthBank, Alyvia Residence	*	-	-	137	137
Liu Tow Hua	(b)				
Sales of townhouse at The NorthBank, Alyvia Residence	*	625	-	616	-
Liu Sze Wei	(c)				
Sales of townhouse at The NorthBank, Alyvia Residence	*	625	-	616	-
Hiap Ghee Seng Sdn Bhd	(d)				
Rental expense on premises		37	37	-	-
Lian Hua Seng Sdn Bhd	(d)				
Purchase of goods		-	3	-	-
Heng Say Properties (Sarawak) Sdn Bhd	(e)				
Purchase of land	*	-	-	6,502	-
Ho Bee Contractor & Engineering Sdn Bhd	(f)				
Quarry operation		-	1,459	-	467

Notes

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



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

15. Related Party Transactions (contd.)

- (a) Sharifah Deborah Sophia Ibrahim is a major shareholder and Director of the Company.
- (b) Liu Tow Hua is a Director of the Company.
- (c) Liu Sze Wei is a person connected to a Director of the Company.
- (d) Hiap Ghee Seng Sdn Bhd and Lian Hua Seng Sdn Bhd are companies connected to a Director of the Company who is also a major shareholder of the Company.
- (e) Heng Say Properties (Sarawak) Sdn Bhd is a company connected to a Director of the Company who is also a major shareholder of the Company.
- (f) 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 September 2022 RM'000	Audited 31 December 2021 RM'000
Current		
Trade receivables		
Third parties	17,556	37,484
Less: Allowance for impairment	(590)	(658)
Trade receivables, net	16,966	36,826
Other receivables		
Third parties	6,489	11,735
Deposits	3,704	3,618
	10,193	15,353
Less: Allowance for impairment – third parties	(106)	(106)
Other receivables, net	10,087	15,247
Total trade and other receivables	27,053	52,073
Non-Current		
Trade receivables		
Third parties	1,178	175
Other receivables		
Third parties	8,971	8,071
Total trade and other receivables	10,149	8,246
Total trade and other receivables (current and non-current)	37,202	60,319



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[197101000730(011286-P)]
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16. Trade and Other Receivables (contd.)

Ageing analysis of trade receivables

	Unaudited 30 September 2022 RM'000	Audited 31 December 2021 RM'000
Current		
Neither past due nor impaired	6,756	5,066
1 to 119 days past due but not impaired	7,482	31,041
More than 120 days but not impaired	2,728	719
Impaired	590	658
Total trade receivables	17,556	37,484
Non-current		
Neither past due nor impaired	1,178	175
Total trade receivables (current and non-current)	18,734	37,659

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 RM10.21 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 September 2022 RM'000	Audited 31 December 2021 RM'000
Current		
Trade and other payables	38,725	60,650
Provision for projects	43,049	48,177
Total trade and other payables	81,774	108,827
Non-Current		
Trade payables	12,967	10,000
Total trade and other payables (current and non-current)	94,741	118,827



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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 (3Q2022) Vs Corresponding Financial Quarter (3Q2021)

	Current Quarter 3 months ended 30 September		Changes	
	2022	2021	RM'000	%
	RM'000	RM'000		
Revenue	61,796	82,686	(20,890)	(25)
Operating profit	18,743	20,393	(1,650)	(8)
Profit before interest and tax	10,661	10,984	(323)	(3)
Profit before tax	8,460	8,343	117	1
Profit after tax	6,752	5,252	1,500	29
Profit for the period attributable to owners of the parent	6,617	5,149	1,468	29

The Group's revenue for 3Q2022 decreased by 25% to RM61.80 million from RM82.69 million in 3Q2021. 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 Residence and Renna Residence, sales of condominiums at The Park Residence, sales of townhouses at The NorthBank Alyvia Residence, sales of apartments at Stutong Heights, sales of 3-storey shop offices at The NorthBank Business Exchange Phase 2 and Bintulu Town Square, sales of semi-detached house at the NorthBank Crestwood Estates, 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 3Q2021 was mainly recognised from the sales of apartment suites at ContiNew, Kuala Lumpur and at The NorthBank Avona Residence, sales of 3-storey shop offices at The NorthBank Business Exchange Phase 1 & 2, sales of Small Office Home Office ("SOHO") commercial at Bintulu Town Square, sales of townhouses at The NorthBank Alyvia Residence, sales of condominiums at The Park Residence, sales of apartments at Stutong Heights, sales of vacant lots at Tabuan Tranquility Phase 5, 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 to RM0.48 million in 3Q2022 as compared to RM0.25 million in 3Q2021. 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 RM7.33 million from RM7.03 million in 3Q2021. The increase was mainly due to the increase of staff costs in 3Q2022. Other components of the administrative expenses have not varied much compared to those incurred during 3Q2021.



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19. Current 9-month financial period (9M2022) Vs corresponding 9-month financial period (9M2021)

	Cumulative Quarter 9 months ended 30 September		Changes	
	2022	2021		
	RM'000	RM'000	RM'000	%
Revenue	189,579	177,369	12,210	7
Operating profit	57,356	53,605	3,751	7
Profit before interest and tax	30,077	28,048	2,029	7
Profit before tax	23,361	20,952	2,409	11
Profit after tax	17,075	14,308	2,767	19
Profit for the period attributable to owners of the parent	16,382	13,548	2,834	21

The Group's profit before tax for 9M2022 increased by 11% to RM23.36 million compared to profit before tax of RM20.95 million recorded in 9M2021.

The Group's revenue for 9M2022 increased by 7% to RM189.58 million from RM177.37 million in 9M2021. 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 Residence and Renna Residence, sales of condominiums at The Park Residence, sales of townhouses at The NorthBank Alyvia Residence, sales of apartments at Stutong Heights, 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, sales of semi-detached house at the NorthBank Crestwood Estates, 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 9M2021 was mainly recognised from the sales of apartment suites and commercial lots at ContiNew, Kuala Lumpur, sales of apartment suites at The NorthBank Avona Residence, 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 and The NorthBank Alyvia Residence, sales of condominiums at The Park Residence, sales of apartments at Stutong Heights, sales of vacant lots at Tabuan Tranquility Phase 5, 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 RM0.85 million to RM1.26 million in 9M2022. 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, gain from disposal of property, plant and equipment, tender documents fee and administrative charges for sub-sales and re-financing.

Administrative expenses increased to RM24.36 million compared to RM19.09 million in 9M2021. The increase was mainly due to the increase of staff costs, professional fees and the interests in a subsidiary donated to a foundation in 9M2022. Other components of the administrative expenses have not varied much compared to those incurred during the corresponding period.



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

20. Comparison with Immediate Preceding Quarter's Results

	Current Quarter 3 months ended 30 September 2022 RM'000	Immediate Preceding Quarter 3 months ended 30 June 2022 RM'000	Changes	
			RM'000	%
Revenue	61,796	70,731	(8,935)	(13)
Operating profit	18,743	22,321	(3,578)	(16)
Profit before interest and tax	10,661	11,145	(484)	(4)
Profit before tax	8,460	8,629	(169)	(2)
Profit after tax	6,752	5,598	1,154	21
Profit for the period attributable to owners of the parent	6,617	5,279	1,338	25

The Group recorded a profit before tax of RM8.46 million compared to a profit before tax of RM8.63 million recorded in the immediate preceding quarter ended 30 June 2022.

The Group's revenue for the current financial quarter ended 30 September 2022 decreased to RM61.80 million from RM70.73 million in the immediate preceding quarter ended 30 June 2022. Apart from the recognition of revenue from sales of 3-storey shop offices at Tabuan Tranquility Phase 3 Stage 2, sales of SOHO Commercial at Tabuan Tranquility Phase 3 and Bintulu Town Square in the immediate preceding quarter and sales of 3-storey semi detached house at the NorthBank Crestwood Estates 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 Residence and Renna Residence, sales of townhouses at The NorthBank Alyvia Residence, sales of apartments at Stutong Heights, sales of 3-storey shop offices at The NorthBank Business Exchange Phase 2 and Bintulu Town Square, sales of condominium at The Park Residence, 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 increased from RM0.35 million in the immediate preceding quarter to RM0.48 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, tender documents fee and administrative charges for sub-sales and re-financing.

Administrative expenses decreased from RM9.91 million in the immediate preceding quarter ended 30 June 2022 to RM7.33 million in this current financial quarter. The decrease was mainly due to decrease in professional fees, staff costs and interests in a subsidiary donated to a foundation. Other components of the administrative expenses have not varied much compared to those incurred during the immediate preceding quarter.



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

21. Profit Before Tax

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

	3 months ended		9 months ended	
	30 September		30 September	
	2022	2021	2022	2021
	RM'000	RM'000	RM'000	RM'000
Amortisation of intangible asset	124	124	373	373
Depreciation of property, plant and equipment	1,303	1,705	3,877	4,507
Dividend income	(15)	(3)	(27)	(10)
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	2,201	2,641	6,716	7,096
Interest income	(95)	(60)	(315)	(206)
Other income	(353)	(146)	(653)	(520)
Reversal of impairment of trade receivables	(21)	(41)	(68)	(90)

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 COVID-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 RM162.27 million unbilled sales and outstanding order book of RM263.36 million as at 30 September 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.

We have successfully launched another commercial development comprising of 3-storey shop and 8-storey commercial centre at The NorthBank which attracted a very encouraging response. Other on-going projects at The NorthBank include Avona Residence comprising two blocks of 12-storey service apartment, Alyvia Residence with 102 units of townhouse, Renna Residence offering 296 units of service apartment, 36 units of semi-detached house at Crestwood Estates and shop office development. 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.



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

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		9 months ended	
	30 September		30 September	
	2022	2021	2022	2021
	RM'000	RM'000	RM'000	RM'000
Current income tax:				
- Malaysian income tax	1,462	5,750	4,871	8,993
- Overprovision in respect of previous years	(53)	(42)	(53)	(42)
	<u>1,409</u>	<u>5,708</u>	<u>4,818</u>	<u>8,951</u>
Deferred tax	299	(2,617)	1,468	(2,307)
Total income tax expense	<u>1,708</u>	<u>3,091</u>	<u>6,286</u>	<u>6,644</u>

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 that are not tax deductible.



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

25. Loans and Borrowings

	Unaudited As at 30 September 2022 RM'000	Unaudited As at 30 September 2021 RM'000	Audited As at 31 December 2021 RM'000
Short term borrowings			
Secured: Finance lease liabilities	656	2,154	1,849
Revolving credits	121,337	119,942	95,907
Collateral deposits	-	535	-
Term loans	18,227	18,956	18,196
	140,220	141,587	115,952
Long term borrowings			
Secured: Finance lease liabilities	1,182	501	724
Term loans	79,609	94,255	90,451
	80,791	94,756	91,175
Total loans and borrowings	221,011	236,343	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 September 2022 has increased by RM13.88 million as compared to the amount reported in the Audit Financial Statement as at 31 December 2021. This increase is primarily arising from the Group's acquisition of a development rights over a piece of land at Muara Tuang Land District.

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	-	(9,060)	8,940	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	-	(14,690)	8,940		



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

27. Off Balance Sheet Financial Instruments

The Group does not have any financial instruments with off balance sheet risk as at 18 November 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 18 November 2022.

29. Earnings Per Share

(a) Basic

	3 months ended 30 September		9 months ended 30 September	
	2022	2021	2022	2021
Profit attributable to owners of the parent (RM'000)	6,617	5,149	16,382	13,548
Weighted average number of ordinary shares in issue ('000)	546,047	496,406	546,047	496,406
Basic earnings per share (sen)	1.21	1.04	3.00	2.73

(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 25 November 2022.